



LUND UNIVERSITY

Faculty of Social Sciences

Graduate School

Course: SIMV07

Master of Science in Development Studies

Term: Spring 2017

Major: Political Science

Supervisor: Roxanna Sjöstedt

Less is less?

– A comparative case study of Finnish NGOs' exit strategies after the cut of Finland's official development assistance in 2016

Author: Mariem Nicole Sene

Abstract

The relationship between a Non-Governmental Organization (NGO) and a government can be unpredictable, which could complicate the NGO's operations in a resource dependent environment. If a government decides to abruptly cut its official development assistance allocation towards the civil society; does that not only reflect the government's new development policy but it might also jeopardize the continuity of civil society organizations' activities. This research is a qualitative and comparative study of three Finnish NGOs that are partner organizations with the Ministry for Foreign Affairs of Finland and that were affected by the government of Finland's decision to reduce its official development assistance (ODA) by 43% in 2016. Since Finland has been generally acknowledged as a reliable donor; its decision to cut official development assistance abruptly raised concerns about the abilities of Finnish NGOs to compensate for the government funding in such a short notice. Before the cut was effected, all three NGOs had released different predictions in the media, ranging from quite negative to relatively optimistic, about their likelihood to be able to continue their development programs and projects that were previously funded by the government. With the method of structured, focused comparison and using the theoretical lens of Resource Dependency Theory; the focus of this study is to examine the three NGOs' exit strategies in terms of the continuation of their development activities after the abrupt cut of government funding, and to find out the importance of other sources of funding and partnerships with other development organizations when compensating for the official development assistance allocated by the government of Finland that has been an important source of funding with little conditionalities. The study finds that while partnerships are useful in certain cases, regarding the transferring of certain development activities over to other organizations; early planning to increase funding outside of the government's financing as well as having diverse funding sources without conditions are vital for successful exit strategies.

Key words: *Sustainability; Finnish Civil Society; Finnish development policy; Development aid cut; Donor exit; Exit strategy; Resource Dependence Theory*

Word count: 21596 words

Table of Contents

1. Introduction	1
1.1 Aim of study and research question	1
1.2. Study design.....	5
2. Background	6
2.1. Definition of an NGO	7
2.2 Role of an NGO.....	7
2.3. Finland's Official Development Assistance.....	7
2.3.1. <i>Funding for Development Programs</i>	8
2.3.2 <i>Funding for Development Projects</i>	8
2.4. Breakdown of Finland's official development assistance cut.....	9
2.5. The government of Finland as a donor	9
2.6. Nordic Development Aid Model.....	10
2.7. Table of Finland's ODA allocations 1992-2016	12
2.8. Overview of selected NGOs as case studies.....	12
2.8.1. <i>Fairtrade</i>	12
2.8.2. <i>Finn Church Aid</i>	13
2.8.3. <i>Save the Children</i>	13
3. Literature review and theoretical definitions	14
3.1. Previous research on abrupt donor exit, NGO exit strategies and sustainability 14	
3.1.1 <i>Previous literature on abrupt donor exit</i>	15
3.1.2 <i>Definition of Sustainability</i>	17
3.1.3. <i>Types of exit strategies after withdrawal of external resources</i>	17
3.1.4. <i>Indicators determining the success of an exit strategy</i>	18
3.2. Gaps to prior research	18
3.3. Theoretical definitions	22
4. Methodology	25
4.1. Ontology and epistemology	26
4.2. Conceptual framework.....	27
4.3. Method of focused, structured comparison in qualitative case study	29
4.4. Operationalization	31
4.5. Data collection from interviews and documents	32

4.6. Coding and analysis	34
4.7 Reliability, validity and limitations.....	35
4.8. Ethical considerations	39
4.9. De-limitations	41
5. Analysis	43
5.1. Save the Children	43
5.1.1. <i>Summary of analysis – Save the Children</i>	48
5.2. Finn Church Aid Analysis	49
5.2.1. <i>Summary of analysis Finn Church Aid</i>	54
5.3. Fair Trade Finland.....	56
5.3.1 <i>Summary of analysis – Fair Trade Finland</i>	58
5.4. Discussion – cross-case comparison of findings.....	59
5.4.1. <i>Comparative table of findings</i>	59
6. Conclusion	64
6.1. Suggestions for future research	66
7. References	68
Appendix.....	80

List of Abbreviations

CSO	Civil Society Organization
DAC	Development Assistance Committee
ECHO	Directorate-General for European Civil Protection and Humanitarian Aid Operations
INGO	International Non-Governmental Organization
MFA	Ministry for Foreign Affairs of Finland
NGO	Non-Governmental Organization
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
RDT	Resource Dependence Theory
SIDA	Swedish International Development Cooperation Agency

1. Introduction

In 2015; Finland, previously dubbed as a ‘champion of development’, announced it would cut its official development assistance (ODA) by 43% due to a shift in its development policy (Gotev, 2015). This meant that the government funding for the development cooperation of non-governmental organizations fell by EUR 49 million at the beginning of 2016 (Kepa, 2016), in addition to suspending the application round for new project-funding (ibid). Even though the cut had been in the making since 2013; no one had anticipated how high and quickly implemented the cut was going to be (De Vos, 2015). Finland in general has been acknowledged as a reliable development partner whose aid principles are based on the promotion of human rights, sustainable development and solidarity with very little conditionalities (Kepa, 2016; Onali, 2005). However, due to the sudden and significant cut in development assistance, Finnish development experts became worried about the unexpected turn in Finland’s development aid policy and how Finnish NGOs would survive such a harsh budget cut (Gotev, 2015). After all, the government funding is an important support, since once granted, it covers 85% of the funding of a development activity, while the NGO has to fund 15% on its own (Ministry for Foreign affairs, c; Ministry for Foreign Affairs, 2013).

1.1 Aim of study and research question

By comparing exit strategies¹ of three different Finnish NGOs that are partner organizations with the Ministry for Foreign Affairs of Finland² (MFA) and were affected by the ODA the cut; the purpose of this research – in relevance to the disciplines of Political Science and Development Studies – is to understand the significance of partnerships and other sources of funding in sustaining NGOs’ development projects and programs when compensating for the official

¹ exit strategies describe how the goals of the activities are planned to be sustained when there is a withdrawal of external resources (Gardner et. al., 2005:06-07)

² “The Ministry has 16 partner organisations that receive support for multi-annual development programmes, allowing them to promote development consistently on a long-term basis” (Ministry for Foreign Affairs, d).

development assistance that has been an important source of funding with very little conditionalities. Whereas the sustainability³ of a development project or program is achieved when the activity is continued within an organization (Shediac-Rizkallah & Bone, 1998); an exit strategy is successful when *the relevant activities are continued in the same or modified format* (Gardner et al., 2005:12). The research answers the following question:

How did alternative sources of funding and partnerships with other development organizations influence the success of Finnish NGOs' exit strategies in terms of the continuity of their development activities after the abrupt cut of official development assistance, allocated by the government of Finland?

This is an important question ask, since the problem motivating this research is the previously mentioned concern of development experts and practitioners about how Finnish NGOs would endure such a harsh budget cut (Gotev, 2015). Comparing Finnish NGOs' exit strategies enables us to find out what happened to the development programs or projects of these NGOs after the cut of Finnish official development assistance, as well as comprehend the mechanisms through which the NGOs were either able or unable to compensate for the government aid in order to sustain their development activities. Whereas the shift in Finland's development policy first raised fears about other countries following Finland's example (Gotev, 2015); other similar donors to Finland – Denmark and the Netherlands – decided to lower their official development assistance as well, which left their civil societies concerned about the impact of their governments' ODA cuts on the work of non-governmental organizations in their countries (theLocal.dk, 2015a; theLocal.dk, 2015b; Ravelo, 2015; Trimmel, 2015).

The chosen case studies for this research are three different partner NGOs with the Ministry for Foreign Affairs of Finland that signed a petition in order to mitigate against the feared consequences of the ODA cut⁴, yet failed to turn the

³ The word sustainability, continuity or continuation are used in this research interchangeably.

⁴ https://www.kepa.fi/tiedostot/kansanedustajakirje_eikoyhimmilta.pdf

government's decision around. These NGOs are Fair Trade Finland, Save the Children Finland and Finn Church Aid that had also released different statements in the media regarding their concerns about the cut before it was effected; ranging from having quite an optimistic outlook of being able to adapt to the cut and mitigate against its effects, to a fairly negative view on the continuity of some of their activities after it. Fair Trade Finland declared it was going to try to sustain its operations by gathering funds outside of the government funding (Laakso, 2015). Save the Children as an International Non-Governmental Organization (INGO) announced that its mission would be to complete the last year of their three-year program if only they would manage to raise enough funds in order to cover for the expenses (ibid). Finn Church Aid as one of the biggest NGOs in Finland however had announced before the budget cut, that if the reduction of the Finnish development aid allocation was as significant as the Ministry for Foreign Affairs advised Finnish NGOs to prepare for, it would have dramatic impact on their work (Gotev, 2015).

When researching what kind of exit strategies these NGOs might have had in terms of the continuity of their development projects and programs; Gardner et al. have defined three types of exit strategies that are: 1) *phasing down*, 2) *phasing over*, and 3) *phasing out* (Gardner et al., 2005:08). Phasing down is a gradual reduction of program activities with the use of fewer resources (ibid). Phasing over refers to turning the development activity over to another organization (ibid). Phasing out is an exit strategy, where the host NGO withdraws from the development activity but its implementation is not turned over to other organizations (ibid). In addition of choosing to phase down, phase over or phase out, depending on the extent of the NGO's abilities to carry out its activities; the NGO can also strive for *self-regulation*. Self-regulation occurs when an organization secures the continuity of its operations by pursuing resource strategies that mitigate dependence-relationships and environmental uncertainty (Bies, 2010:1066), which in this case would mean that the organization would have managed to sustain all of its activities regardless of the reduced budget of government funding.

The theoretical perspective for this research is Resource Dependence Theory (RDT), originally formulated by Pfeffer and Salancik (1978), where the emphasis is on proactive strategies that deal with environmental constraints (Bies, 2010:1067) and on the importance of gathering and maintaining resources that ensure the survival of the organization's operations in an uncertain environment (Burger and Owens: 2012:1287). According to RDT, an organization can for example form partnerships with other organizations in order to compensate for resource dependence (Hillman et al., 2009). There is also an importance in diversified resources in order to sustain an organization's operations (Pfeffer and Salancik 1978), as from the RDT perspective; it has been advised that external funding should always be complemented by supplementary assistance and never be the main source, as in this type of dependent relationship also lies inconsistency (AbouAssi, 2012:38-39). While RDT has usually been the most commonly used theory in research on the survival of non-profit organisations (Burger and Owens: 2012:1287); there has been little consensus on the conceptual definitions of *sustainability* (Shediac-Rizkallah and Bone, 1998) nor has there been any theories that been "empirically developed to explain or guide how sustainability can be achieved" (Lovarini 2012, x). However, research such as Lovarini's (2016) Grounded Theory on project sustainability in addition to Rogers and Coates' (2016) study on exit strategies among others have concurred that (project or program) sustainability, especially in the case of donor exit⁵, depends on the organization's *diverse sources of funding* as well as the organization's *partnerships* with other development organizations, which supports Resource Dependence Theory. Hence, RDT is used as the theoretical lens of this research and an integral part of the study's conceptual framework to postulate, whether partnerships and other sources of funding influenced the nature of Finnish NGOs' exit strategies. This means, if those factors played a part in whether NGOs had to phase out, phase down or phase over their projects or

⁵ "Withdrawal of externally provided program resources from a program area" (Gardner et al., 2005:06)

whether they managed to become self-regulatory and continue all of their development activities after the cut.

The research method for this study is a focused, structured comparison of the three Finnish NGOs. The method uses interviews as a main data source, of which the questions are formulated on the basis of the conceptual framework in order to find out why some NGOs might have been more successful than others (the starting point being their initial predictions about their program or project continuation after the ODA cut that were released in the media) and to discover whether alternative funding sources as well as partnerships with other development organizations contributed to the continuity of these NGOs development projects or programs, after when the important and flexible government aid was significantly reduced. The data will also be gathered from supplementary documents provided by the NGOs that discuss the effects of the ODA cut on their activities for the purpose of triangulation and supporting of the analysis.

1.2. Study design

Chapter 1 of this study began as an introduction of the research field, problem and purpose, which in relevance to the disciplines of Political Science and Development Studies, researches the importance of partnerships and other sources of funding in the project continuity of Finnish NGO's, when compensating for significant government funding with very little conditionalities.

Chapter 2 is dedicated to providing background information on the Finnish official development assistance and the nature of Finland as a donor. Additionally, the function of a non-governmental organization in Finnish development cooperation will be explained and the selected NGOs as the case studies of this research will be thoroughly introduced to the reader.

Chapter 3 of this research reviews the literature and offers theoretical definitions. It starts by looking into what kind of research has been done previously on donor exit, NGO exit strategies as well as the sustainability of development activities

after donor exit. The chapter continues by explaining the relevance of Resource Dependence Theory regarding this study.

Chapter 4 discusses the methodological considerations of this research, as reflexivity is central to qualitative research by strengthening the rigor of the research design by clearing up the assumptions, decision making and actions of the researcher “in order to locate and explore ethical and methodological dilemmas” (Galletta, 2013). The data will be mainly acquired from structured interviews with NGO representatives and additionally gathered from documents provided by the NGOs for the triangulation of the data.

In Chapter 5; the data will be analysed in accordance to the conceptual framework. The chapter continues with a cross-case comparison of the different cases in order to discuss how their exit strategies differed, what were those strategies’ end-results in terms of the continuity of their development projects or programs after the withdrawal of government funding and factors affected those outcomes.

Chapter 6 concludes and summarizes the study and draws out the main points of the research, while connecting the research finding onto the previous literature “from which the research drew its question, design, and analytical framework” (Galletta, 2013: 2497). Furthermore, it will provide suggestions for future research.

2. Background

This section provides background information about Finland’s new development policy and the nature of the Finnish government as a donor. Furthermore, it discusses about the possible implications of the government’s abrupt ODA cut on NGOs’ development projects and programs. Some key definitions will be additionally provided in regard to the operational aspects of the selected Finnish

NGOs as well as the meaning of project or program sustainability in the context of this research.

2.1. Definition of an NGO

An NGO in this research is defined as a non-governmental, self-governing, non-profit, and non-political organization that is geared to improve the quality of life of disadvantaged people and working towards improved services and a wider social change (Lewis, 2001; Vakil, 1997 in AbouAssi, 2012:06).

2.2 Role of an NGO

An NGO either acts as an implementer, a catalyst or a partner (Lewis, 2001). An implementer NGO mobilizes goods and resources to the ones who are in need, a catalyst NGO takes on the role to “empower” beneficiaries, whereas partner organizations works together with another organization on a joint venture (ibid, 13). Partner organizations can also be seen as intermediary organizations that work in partnership with local development organizations, to which they direct their funding and provide technical support (Smith, 1998; Oller 2006 in AbouAssi, 2012: 33). NGOs are rarely taking on just one role and many engage in all three types of activities simultaneously (Lewis & Kanji, 2009:13).

2.3. Finland’s Official Development Assistance

The Ministry for Foreign Affairs allocates official development assistance to many areas in development cooperation, such as country-specific bilateral programs, multilateral and humanitarian aid, as well as development cooperation programs and projects of Finnish Civil Society Organizations (CSOs) (Ministry for Foreign Affairs of Finland, b), otherwise referred to as NGOs in this research. This research focuses only on the government’s development aid allocation towards the projects and programs of Finnish CSOs that are either Finnish NGOs or International Non-Governmental Organizations operating in Finland (Ministry for Foreign Affairs of Finland, d).

2.3.1. Funding for Development Programs

Finnish development organizations receive funding for programs that are in line with the development policies of Finland and the UN Millennium Development Goals (Ministry for Foreign Affairs, 2013:02). In this framework, organizations choose – in accordance with their own values – their partners, work patterns, target countries and beneficiaries of their programs (ibid). A program to which the Ministry for Foreign Affairs grants funding to is required to be based on the organization's own strategy and know-how with clear goals (ibid, 03). A development cooperation program consists of several geographic, thematic or otherwise defined functions that has to have a schedule, a specific plan, clear monitoring and reporting as well as an aim for sustainable results (ibid). The program funding is targeted towards cooperation between Finnish CSOs and their partner organizations abroad, where the emphasis is on the capacity building of the local organization (ibid). The ownership of the development activities and the responsibility for their implementation should be one of the local organization in the developing country, whereas the role of the Finnish NGO is to mainly provide for technical support (ibid, 04). The Finnish NGO receiving program support from the government must report about the results of its activities and the use of funding to the Foreign Ministry for Foreign Affairs annually (ibid). The government funding covers a maximum of 85% of the development program's expenses (ibid).

2.3.2 Funding for Development Projects

The Ministry for Foreign Affairs grants funding for NGO projects that are limited by time and location and are in line with the foreign policy of Finland (Ministry for Foreign Affairs, 2016:02). The aim of the projects must be set to realize sustainable changes; however, the government grant is not a permanent funding, but an additional contribution to help building the capacity of the civil society or local government in developing countries (ibid). The funding can also be in some cases directed towards a sensitive minority group in the recipient country (ibid).

The funding is granted to 1-4 years at a time (ibid, 05), and covers a maximum of 85% of the development project (Ministry for Foreign Affairs of Finland, c).

2.4. Breakdown of Finland's official development assistance cut

Whereas a government's decision to change its funding policies is mostly based on its economic situation and the extent of power and interests of its ruling political parties (Salamon, 1999), this was no exception in Finland's case either. As a part of the new consolidation measures in public finances, the 2016 budget for development cooperation was reduced to 498.1 euros, which was approximately 300 million less than in 2015 (Ministry for Foreign Affairs of Finland, 2015a). The budget directed towards funding development activities of Finnish CSOs, which is the research subject of this study, fell by 49 million euros (Kepa, 2016:10). Finland's decision to cut its development aid was not only drastic but it was also abrupt (Kepa, 2016), which is said to have caused a lot of disappointment and insecurity amongst recipients, especially if the Finnish NGO has been the only sponsor of the receiving end (Kepa, 2016:05). Finland's reputation as a reliable partner also suffered as a result of the cuts, although the recipients have generally understood that the cut was a government decision and not made by the Finnish NGOs (Kepa, 2016: 05).

2.5. The government of Finland as a donor

Development policy is an important part of Finland's foreign and security policy, of which development cooperation is part of (Ministry for Foreign Affairs of Finland, a). The aim of the development policy is to support developing countries' efforts to eradicate poverty and inequality and promote sustainable development (ibid). Finland's official development assistance does not generally contain conditionalities and allows NGOs to use their funds independently (Onali, 2005:27). The government allocates official development assistance for development projects and programs that are in line with Finland's development policy (Ministry for Foreign Affairs of Finland, a). Finnish development assistance for CSOs only covers a maximum of 85% of an NGO's activities (Rentola, 2013:80) for a maximum of three to four years at a time (Onali,

2005:33; Ministry for Foreign Affairs, 2016:05), as the assumption is that the organization will also be active in raising funds independently (Onali, 2005:34). Finland's much publicized decision in 2015 to cut its development aid by 43% in 2016 became an important topic of interest, as it was said that the government's drastic and abrupt development aid would not only affect Finnish development cooperation but might also damage Finland's reputation as an accountable donor (Hiilamo, 2015), which left many development practitioners (Gotev, 2015) and politicians worried (Hiilamo, 2015). The government's decision was a major change of direction in Finland's foreign policy, where international solidarity has previously been one of its core elements (ibid). Whereas in the past, international development cooperation and allocation of funds for NGOs to execute development activities in developing countries has been an important aspect of Finland's foreign policy (Olsen, 2013), it has been said that Finland's decision to drastically reduce its development aid allocation has been a U-turn to a country that has previously been seen as a 'development aid champion' (Gotev, 2015).

2.6. Nordic Development Aid Model

The Finnish development model, alongside other Nordic countries, supports NGOs in a unique way by giving them to a large extent, the freedom to act and decide on projects on their own (Onali, 2005:31) and is based on principles that promote 'altruism, equality, solidarity and equal treatment for all' (Seppo, 2013:11). According to Finnish NGOs, it is not only the funding that counts but also the added value that Finnish development cooperation brings, which would now be diminished due to the cuts (Kepa, 2016:11).

Finnish development aid reflects the notion of the so-called "Nordic aid exceptionalism", which is associated to a grouping of generous donors with acclaimed efforts in development assistance (Selbervik & Nygaard, 2006:01) that is formed by the Nordic countries, Canada, the UK and the Netherlands, otherwise known as the "Nordic Plus countries" (Selbervik & Nygaard, 2006:03). Their development assistance has always been significantly more than the rest of the Development Assistance Committee (DAC) countries. While the DAC average

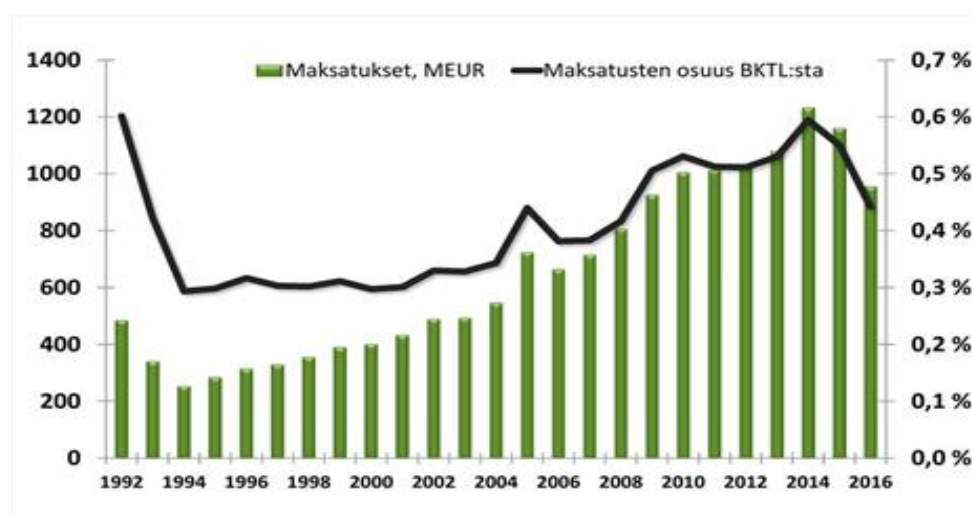
has been between 0.2. and 0.4 per cent, the Nordic countries' aid levels have usually been over 0.7 of Gross National Income (GNI) (Selbervik & Nygaard, 2006; Elgström & Delputte 2016).

Although Finland has pledged to reach the ODA target level of 0.7% as a proportion of its GNI; in 2015, it reached to 0.55% (Ministry for Foreign Affairs of Finland b), whereas in 2016 it was only 0.44%, which accounted to a drop of 18% compared to the previous year (ibid). The exclusive ODA administered by the Ministry for Foreign Affairs directed towards the development activities of the civil society being the focus of this research, fell by around 43 per cent (ibid). It has been said that such a major drop at once in development aid allocation has been rarely seen, which also has left Finland in an uncomfortable position in relation to other Nordic countries (Hiilamo, 2015). According to a study by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD); Finland's cut of development aid in 2016 was one of the biggest compared to other donor countries (Laakso, 2017). When it comes to development cooperation, Finland is already behind other Nordic donors and due to these drastic cuts, Finland will now be dropped out of this like-minded and reputable group for good (Hiilamo, 2015).

Over the recent years, it has been claimed however, that the Nordic aid model has eroded, as the Nordic countries have become more similar to other European donors and their policies have gone to different directions (Oden, 2011; Olsen, 2013 in Elgström & Delputte 2016:28). As the DAC average was 0.32 in 2016 (Laakso, 2017), from the Nordic Plus countries, only Sweden, Denmark, UK and Norway surpassed the 0.7 ODA mark in 2016 (ibid). According to DAC; from its 29 member countries – Sweden, Finland and the Netherlands had the biggest percentual cut of their development assistance, although Sweden still reached the 0.7 ODA mark (ibid). The erosion of the Nordic aid model can already partly be seen, as following Finland's 43% aid cut in 2016; Denmark announced that it was going to reduce its ODA from 0.87% to 0.7% of GNI (OECD, 2016). Even though Denmark still remains amongst the top donors with its relatively high ODA,

Danish NGOs have come forth about their worries about the budget cut as it would directly affect their project activities and the lives of beneficiaries (theLocal.dk, 2015a). Furthermore, the Netherlands announced that it would cut its ODA allocation by 1 billion euros by 2017, which would mean that the Dutch aid relative to GNI is lowered from 0.7 to 0.55, forcing NGOs to “make harsh and emotional decisions in order to survive the budget cuts” (Ravelo, 2015).

2.7. Table of Finland’s ODA allocations 1992-2016



Source: Ministry for Foreign Affairs (b)

2.8. Overview of selected NGOs as case studies

2.8.1. Fairtrade

Fairtrade Finland was established in 1998 by a group of Finnish civil society organizations in order to carry out and implement development cooperation in Africa and Latin America (Fair Trade, 2016:15). It became a partner organization with the Ministry for Foreign Affairs in 2013 (Fair Trade). Its current development activities that are funded by the Ministry for Foreign Affairs, started in the beginning of 2014 and are on-going until the end of 2017 (ibid), although

the government funding was reduced from 2016 onwards (Fair Trade Finland, 2015: 13). Fair Trade's development programs and projects in collaboration with the Ministry for Foreign Affairs, have the objective of improving the income, livelihood and working conditions of small-scale producers that operate mainly in the sector of coffee in Latin-America and the Caribbean (ibid)

2.8.2. *Finn Church Aid*

Finn Church Aid is one of the largest non-governmental organizations in Finland that operates in development cooperation as well as in the provision of humanitarian assistance. It was established in 1947 in order to alleviate the damages of World War II in Finland⁶. Having been around for sixty years; today it is doing active work in fifty countries by specializing in supporting local communities in three priority areas: right to livelihood, right to education and right to peace (Finn Church Aid). The organization, who has been a partner of the Ministry for Foreign Affairs since 2003 (Finn Church Aid, a), is also a member of the Core Humanitarian Standard Alliance and has a framework partnership agreement with the Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO) as well as an increasing number of local partners (Finn Church Aid). Finn Church Aid's 2013-2016 development program supported by the Finnish Foreign Ministry; directed funding towards 16 countries, out of which 48% went to Africa, 14% to Asia, 15 % to Latin America and the Caribbean region and 7 % to the Middle East (Finn Church Aid, 2013).

2.8.3. *Save the Children*

Save the Children Finland is an International Non-Governmental Organization that was established in Finland in 1922 as a result of the efforts to improve the lives of orphans from the 1918 civil war (Save the Children Finland). In the present day, the organization operates both in Finland and abroad for defending children's rights in accordance with the UN Convention on the Rights of the Child in order to advocate for responsible attitudes towards children in the society, but also promote children's well-being all over the world (ibid). In addition to

⁶ <https://www.kirkonulkomaanapu.fi/tietoa-meista/historia/>

promoting children's rights; the organization's objective is to help children suffering from catastrophes and crises all over the world. It furthermore has domestic duties in Finland by focusing on child sponsoring activities, family replacements and child adoptions. Save the Children has been a partner of the Ministry for Foreign affairs since 2006 (ibid). The program funded by the Ministry for Foreign Affairs between 2014-2016 focused on the themes of Education, Child Protection Child Rights Governance (Ministry for Foreign Affairs, 2013).

3. Literature review and theoretical definitions

When researching what kind of exit strategies Finnish NGOs had and what factors influenced the continuity of their projects and programs after the cut of official development assistance in 2016; it is important to first understand what previous literature has been written about the study area. Whereas the previous background section provided some information and key concepts related to Finnish development cooperation and the aid cut; this section reviews the previous literature on exit strategies, donor exit and sustainability of development activities after donor exit. Furthermore, it addresses the research gap from previous studies, as well as offers theoretical definitions that are useful in terms of this research.

3.1. Previous research on abrupt donor exit, NGO exit strategies and sustainability

NGO coping strategies against a shift in donor funding have been studied by AbouAssi, 2012; Bies, 2010; Muthami, 2016; Onali, 2005, and Rentola, 2013; while *NGO strategies in terms of project or program sustainability* by Amazigo et al 2007; Bracht et al, 1994; Engels, 2010; Foreman et al 2001; Garner and al., 2005; Johnson et al, 2004; Lovarini 2012; Rogers and Coates, 2016; Savaya & Spiro, 2012; Savaya, Spiro and Elran-Barak, 2008; Savaya et al 2009; Sadof et al, 2006; Shediak-Rizkallah and Bone, 1998; Steadman et al. 2002; Stevens and Peikes, 2006 among others. As the interest of this research is to find out, whether

Finnish NGOs were able to sustain their development activities after the government's abrupt ODA cut and how were they able to do so; strategies to compensate for government funding that is unconditional by nature in order to sustain NGO development activities, is the fundamental interest of this study.

Whereas some research has been done on the *sustained impact after a gradual donor exit* (Engels, 2010; Rogers and Coates, 2016; Bracht et al., 1994; Savaya, Spiro and Elran-Barak, 2008) or on *the predictors of sustainability* (Amazigo et al 2007; Savaya and Spiro, 2012;) as well as *the definitions of sustainability* (Hanson et al, 2009; Johnson et al, 2004; Shediach-Rizkallah and Bone, 1998); only a few other scholars have previously researched *project or program continuation after an abrupt or premature discontinuation of funding* (Savaya et al, 2009; Sadof et al, 2006; Steadman et al, 2002; Stevens and Peikes, 2006). Previous research on the latter subject have provided mixed results ranging in general from a 40% to 60% success for project continuation after cessation of funding (Savaya et al, 2009; Sadof et al. 2006; Bracht et al.1994) with a sometimes-higher rate of success (Stevens and Peikes, 2006) depending on the location, background and context of the projects that were studied. Researching the sustainability of development activities after the abrupt cut of government funding is interesting in the context of Finland, whereas mentioned earlier, the country in question that has previously been acknowledged as a development champion (Gotev, 2015) and whose aid does include very little conditionalities (Onali, 2005), decided to abruptly and significantly reduce its development assistance, which caused fears about the NGOs abilities to cope with such a harsh budget cut (Gotev, 2015).

3.1.1 Previous literature on abrupt donor exit

An exit refers to the withdrawal of externally provided resources from a development activity (Gardner et al., 2005:06). As it has already been acknowledged; Finland's decision to cut its development aid was not only drastic but it was also abrupt (Kepa, 2016). The Swedish International Development Cooperation Agency (SIDA) has provided an explanation for this type of scenario that is referred as "unexpected exit" (Engels, 2010). This type of exit is done by

the decision of the donor when there is a sudden development in the donor country's resources, policies or administration; making the recipients entirely blameless for the decision to exit (Engels, 2010:63).

If a development project or program is financed by external funding that is abruptly withdrawn; the allocation of enough time to adjust to the funding cut is important in terms of the sustainability of the activity after donor exit, as it reduces dependency on the initial donor (Rogers&Macias, 2004:21). Early communication about the donor's plan to exit is vital, so that the recipients will have enough time to prepare for the ending of the program and the withdrawal of the activity is not unanticipated or abrupt (Rogers&Macias, 2004:21). Unless a project has achieved all of its intended results at the time of their completion, otherwise known as project graduation (Gardner et al.,2007:07); premature discontinuation of a development project could have disastrous consequences (Heldgaar, 2008). Donor exits, referring to the withdrawal of externally provided program resources (Gardner et al., 2005) can overall range from positive to disastrous, depending on the way they are executed. In some cases, when executed well, aid exit can have a positive outcome in boosting local ownership and the ability to carry on the activities that were initially started with the help of the donor (Heldgaar, 2008:07). On the other hand, an exit can also have an adverse impact on development if the program and its recipients are still aid-dependent at the time of the exit; especially if the donor withdraws its aid too abruptly, leaving the recipients not enough time for exit and thus, impacting development efforts negatively (Heldgaar, 2008:07). Ideally, the timeframe for the program should also allow a feasible exit plan (Rogers & Macias, 2004:02). If a donor has once decided to start funding a program; it should also take responsibility of its commitment to ensure that there is an appropriate amount of resources in order to carry out the activities (ibid), as development projects "must have enough time to establish and prove themselves before they are left to fend for themselves" (Savaya & Spiro, 2012:40).

An abrupt exit could have a negative impact on the lives of beneficiaries, if an NGO has not been given enough time to gradually discontinue its development activities, which raises an ethical question (ibid). A premature discontinuation of a development program when it is still needed, is not only a possible waste of public funds invested in it (Savaya et al, 2012:26) but also constitutes a violation of its commitment to the target population to which it was introduced (ibid, 26). According to a preliminary evaluation report about the effects of the 2016 ODA cut on the work of Finnish NGOs' done by Finnish development agency Kepa; the loss of funding is believed in some cases to have caused a lot of disappointment and insecurities amongst beneficiaries, especially in instances where the Finnish NGO had been the only sponsor of the receiving end (Kepa, 2016:05). This raises a question, to which extent has Finnish development assistance been important to the continuation of NGOs' activities that were previously funded by the government and what kind of impact would that cut have on project or program continuation, as it has been acknowledged that the involvement of the initial funder plays a big role in project continuation (Savaya and Spiro, 2012). It has been said that a Finnish NGO's development activities are most likely to be reduced when there is a decision by the government to discontinue its aid allocation (Onali, 2005:22), yet to which extent does that decision affect the sustainability of Finnish NGOs' projects and programs is yet to be discovered in this research.

3.1.2 Definition of Sustainability

Sustainability in this research does not refer to the sustained impact or long-term continuation of a development activity, but to the notion of project or program continuation, where the activity is continued within an organization (Shediak-Rizkallah & Bone, 1998). The words sustainability, continuity or continuation are used interchangeably in this research.

3.1.3. Types of exit strategies after withdrawal of external resources

An exit strategy describes how the goals of the activity are planned to be sustained after the withdrawal of external resources (Gardner et al., 2005: 06-07). Gardner

et al. have defined three types of exit strategies that are: 1) *phasing down*, 2) *phasing out*, and 3) *phasing over* (2005:08). Phasing down is a gradual reduction of program activities with the use of fewer resources (ibid). Phasing out is an exit strategy, where the host NGO withdraws from the program but its implementation is not turned over to other organizations (ibid). Ideally phasing out is done only after the program has achieved its desired outcomes and has in other words, graduated (ibid). Phasing over refers to turning the program over to other actors, such as local organizations or communities (ibid). In addition to choosing phasing-out, phasing-down or phasing-over depending on the extent of the NGO's dependence on external funding to fully carry out its activities normally; the NGO can also strive for *self-regulation*. Self-regulation occurs when an organization pursues resource strategies that mitigate dependence relationships and reduce environmental uncertainty in order to secure the continuity of its operations (Bies, 2010:1066).

3.1.4. Indicators determining the success of an exit strategy

When a donor decides to change its funding policies, an NGO dependent on that funding is forced to react to that decision through an internal deliberation process, which decides what kind of actions the NGO will take (AbouAssi, 2012:09). Hence exit strategies are important to determine whether development activities can be sustained after a withdrawal of external resources. The decisions influencing the nature of the exit are determined by the timeframe for the exit as well as the availability of funding and other resources from which the program is departing (Rogers and Macias, 2004:02). Gardner et al. offer an indicator relevant for this research to measure the success of an exit strategy, which is that an exit strategy is successful when *the relevant activities are continued in the same or modified format* (2005:12).

3.2. Gaps to prior research

Gaps to prior research on development project or program sustainability after a withdrawal of funding, came out from the quantitative nature of some studies that did not allow to explain, why some social programs survive compared to others

(Stevens and Peikes, 2006) or identify the reasons behind project discontinuation in the non-profit sector (Savaya and Spiro, 2012). Additionally, some research on project sustainability were only based on projections and not on empirical observations (Savaya et al., 2009). Furthermore, it was suggested that future research should be conducted on projects that ended when they were in fact still needed (Savaya and Spiro, 2012). Some also desired from future research, a more in-depth examination of what kind of factors contribute to project or program sustainability over different periods of time after the discontinuation of initial funding (Savaya et al, 2009).

Research on how an NGO copes when there is a shift in funding, done by AbouAssi (2012); focused on organizational behavior in order to understand how a funding-dependent organization responds to a change in the funding objectives of a donor, by testing Hirschman's (1970) "exit-voice-loyalty" –typology, which is a certain type of principle-agent theory. A principal-agent theory examines the relationship between the principal (donor) which has set its agenda to be carried out by an agent (NGO) and the problems that arise out of that relationship (Ebrahim 2003a). The problem in the principal-agent relationship can be seen as a clash of interests between the principal (such as donors) and the agents (NGOs) (Ebrahim, 2003a). In the case of non-profit organizations funded by the state or that offer services according to the interest of the state; non-profits can be seen as agents of the state (ibid, 196). Furthermore, the NGO-funder relationship explained by the principal-agent theory assumes that the relationship entails conditions (ibid). While AbouAssi's exit-voice-loyalty –typology as a principle-agent theory is well-suited to his case study on NGO-donor relations in Lebanon, where there is an abundance in funders and where NGOs' have the possibility to choose their own, while their funding often comes with a number of conditionalities (AbouAssi, 2012); it does not apply well to the context of Finland. Whereas AbouAssi's research implies that Lebanese NGOs had the possibility to either choose when to exit when they no longer wanted to seek funding from a donor due to their different vested interests (ibid, 174), voice out their concerns to the donor and try to negotiate and gain leverage (ibid, 189) or when being

dependent on the on the donor funding, to stay loyal to the donor by adjusting to its conditions (ibid, 174); in Finland's case however, Finnish NGOs were relatively dependent on the Finnish government's aid allocation (Kepa, 2016), while not being conditioned by it (Onali, 2005). Where AbouAssi's theoretical assumptions about the different scenarios of "exit, voice or loyalty" depend on the extent of dependency and conditionalities attached to the relationship between an NGO and a donor; these types of scenarios however cannot be adjusted to the case of Finland as, first of all, the blatant cuts of the Finnish development aid allocation did not enable Finnish NGOs to negotiate (Kepa, 2016:02). Secondly, Finland's official development assistance does not in general contain aid conditionalities and allows NGOs to use their funds independently (Onali, 2005:27). Thus, AbouAssi's (2012) 'exit-voice-typology – also used in Muthami's (2016) research on Finnish NGOs' strategies to mitigate against the ODA cut – is not a very well-suited theoretical standpoint to examine how Finnish NGOs strategized in order to sustain their activities after donor exit, as the typology relates exit to conditionality. Instead, in the context of Finland, exit should be studied when "[it] happens when there is a suspension in funding" (Ebrahim, 2003b in AbouAssi, 2012:55).

The impact of the withdrawal of Finnish official development assistance on the work of Finnish NGOs has been researched, as previously mentioned, by Muthami (2016) as well as Kepa (2016) and Rentola (2013). Their researches however provide some gaps that offer this research an opportunity to address them, when researching the impact of the government of Finland's abrupt ODA cut on the project and program continuity of Finnish NGOs. Rentola (2013) researched Finnish NGOs' survival when there is a withdrawal of government funding, with the conclusion that an NGO in Finland can survive without official development assistance; yet did not address the issue of program and project continuity without the Finnish government funding, which is the objective of this research.

Finnish development agency Kepa conducted in 2016, a preliminary evaluation of the effects of the drastic development aid cut on the work of the Finnish civil society due to the Finnish government's decision to lower its official development assistance by 43% in 2016. Approximately fifty NGOs participated in the study, constituting around a third of the non-profit organizations that receive funding from the Ministry for Foreign Affairs of Finland (Kepa, 2016). The research provided some facts about the amount of discontinued development projects and programs as well as the impact of the cut on the NGOs' organizational capacity, yet concluded that some of the effects of the cuts could only be seen later, once the NGOs have had enough time to adapt to the lower level of funding (ibid, 01). It provides this research an opportunity to find out how exactly did Finnish NGOs manage to adapt to the cut in order to sustain their operations and what kind of strategies did they use in order to do so, which Kepa's evaluation did not fully address.

Muthami (2016), however, has researched Finnish NGOs' strategies with firms to compensate for the government of Finland's official development assistance in order to continue their activities. Although Muthami's research provided interesting insight on NGO-firm relations in Finnish development cooperation; it did not find out how and why Finnish NGOs were or were not able to sustain their development activities after the ODA cut, by concluding that the "level of impact on NGOs' projects after the budget cut still remains unclear" (2016:55). Whereas Gardner and al.'s (2005) study on exit strategies suggests that a research on project or program sustainability should be conducted after a period of time has passed from the donor exit (ibid, 12); Muthami's (2016) research was conducted right at the time of when the ODA cut had just been effected and where NGOs had started to reorganize themselves, which led to the fact that not enough time had passed in order to assess to which extent NGOs were able to sustain their operations (Muthami, 2016:63). Due to this, Muthami suggests to later research an opportunity to provide more detailed insight on the strategies that Finnish NGOs adopted in order to continue their activities (ibid). Furthermore, whereas Muthami's study utilizes AbouAssi's (2012) exit-voice-loyalty –typology to

research how Finnish NGOs strategized in order to continue their activities after the shift in government funding; the theory is – as already concluded previously – not necessarily suitable in the context of Finland, since Finnish NGOs did not have the leverage to negotiate against the cut (Kepa, 2016), nor does the government aid include conditionalities (Onali, 2005). Thus, suitable theoretical suggestions about the way project or program sustainability can be best achieved will be discussed next.

3.3. Theoretical definitions

As it was acknowledged in the literature review; sustainability or in other words project or program continuity is when the activity is continued within an organization (Shediac-Rizkallah & Bone, 1998). Gardner et al. (2005) have offered an indicator to measure the success of an exit strategy (i.e. plan how to continue the development activity when external funding is withdrawn), which is when the relevant activities are continued in the same or modified format (2005:12). However, a donor exit, (withdrawal of external resources from a program area) can either result to the continuation of development activities or to their discontinuation. NGOs can either opt for 1) *phasing down (reduce)*, 2) *phasing out (discontinue)*, and 3) *phasing over (hand-in to another organization their development activities)* (Gardner et al., 2005:08) or continue their activities normally through resource strategies that mitigate dependence-relationships and reduce environmental uncertainty in order to secure the continuity of their operations, i.e. *self-regulation* (Bies, 2010:1066).

It was previously noted that the principal-agent theory or the “exit-voice-loyal” – typology used in AbouAssi’s (2012) and Muthami’s (2016) studies does not really suit well when researching NGOs’ exit strategies after a shift in government funding in the context of Finland due to the government’s flexible nature as a donor (Onali, 2005) and the fact that the ODA was cut without leaving the NGOs room for negotiation (Kepa, 2016). Resource Dependence Theory (RDT) formulated by Pfeffer and Salancik (1978) – also utilized in the studies of AbouAssi (2012), Muthami (2016) and Rentola (2013) – is however useful for

understanding how NGOs could strategize in order to ensure the continuity of their operations after the withdrawal of government funding. The theoretical claim of RDT is that “to understand the behavior of an organization, you must understand the context of the behavior” (Pfeffer and Salancik 1978 in AbouAssi, 2012:179). When researching how Finnish NGOs have strategized to sustain their development activities after the ODA cut; RDT suggests that while the allocation of resources determines organizational behavior (ibid, 39), unveiling organizational strategies must focus on how the organization interacts with its environment. (Thompson 1967 cited in AbouAssi, 2012). According to RDT, organizations, such as NGOs, are open systems, whose behavior and decisions are influenced by the surrounding environment (AbouAssi,2013:179), and the fluctuation of the NGO’s financial resources can threaten the performance of the organization (AbouAssi, 2012:39). Organizations, such as NGOs, are considered to be responsive to the changing conditions in their resource environment and thus, result to developing or adapting strategies to acquire resources in order to sustain their operations (Bies, 2010:1068). The emphasis of RDT is on proactive strategies that deal with environmental constraints (Bies, 2010:1067), where the importance is on the gathering and maintenance of resources that ensure the survival of the organization’s operations in an uncertain environment (Burger and Owens: 2012:1287). According to the RDT perspective, it has been advised that external funding should always be complemented by supplementary assistance and never be the main source, as in this type of dependent relationship also lies inconsistency (AbouAssi, 2012:38-39). The availability of other resources augments the organization’s autonomy by decreasing its dependence upon the initial source (Cook, 1977).

In general, an organization is dependent on some component in proportion to its need for resources or accomplishments which that component can provide (Cook, 1977:65). If that component is deficient in the organization in order to perform its tasks, the organization will seek for alternative sources in order to compensate for the lack of that component (ibid). That way the availability of other sources augments the organization’s autonomy by decreasing its dependence upon the

initial source (ibid). RDT proposes that *diversification of resources* is important for sustaining the organization's operations (Pfeffer and Salancik, 1978), while *forming partnerships* with other organizations is useful for compensating resource dependence (Hillman et al., 2009). Whereas most empirical studies on the operational continuity of NGOs have mostly relied on theories borrowed from organizational studies (Burger & Owens, 2012:1287) making Resource Dependency Theory as one of the most commonly used theories when researching the survival of NGOs in an uncertain external environment (Burger & Owens, 2012:1287); there is however little consensus on the conceptual definitions of sustainability (Shediac-Rizkallah and Bone, 1998) nor “theories that have been empirically developed to explain or guide how sustainability can be achieved” (Lovarini 2012, x). However, coinciding with RDT, previous research on the continuity of NGOs' operations confirm that NGOs need *diverse sources of funding* in order to sustain their development activities (Engels, 2010; Hanson et al, 2009; Rentola, 2013; Sadof et al, 2006; Savaya et al 2009; Savaya & Spiro, 2012; Savaya, Spiro and Elran-Barak, 2008; Steadman et al, 2002; Stevens & Peikes, 2006;). When it comes to alternative resources; diverse funding alleviates any dependencies that the NGO might have on the initial funding (Rentola, 2013), since the more diverse the sources, the more it ensures project or program sustainability, as it reduces dependency (Savaya & Spiro, 2012; Stevens & Peikes, 2006). These sources can range from individual donors (Brach et al, 1994) or corporations, to membership fees to fundraising (Stevens & Peikes, 2006). The hiring of professional fundraisers and raising public awareness of the development activity is also important (ibid, 158), since well-publicized projects are likely to find replacement funds easier (Stevens and Peikes, 2006:154).

It has been however acknowledged that both financial and nonfinancial aspects are needed in order to achieve project sustainability (Savaya et al 2009; Savaya&Spiro:2012). Whereas the notion of sustainability is often narrowed down to financial capacity and capability to generate additional resources (Engels, 2010:vi), prior research has also concluded that the sustainability of development activities is also facilitated when an NGO has *partnerships* with other

organizations (Amazigo et al. 2007; Engels, 2010; Johnson et al, 2004; Rentola, 2013; Sadof et al, 2006; Savaya & Spiro, 2012; Savaya et al, 2009; Stevens & Peikes, 2006) that could “continue project-promoted practices” (Rogers and Coates, 2016) as well as offer support in sustaining programs (Lovarini, 2012). Forming partnerships with other development organizations in a resource dependent environment is beneficial for the NGO in terms of project or program sustainability, as they could provide the NGO with the support it needs in order to sustain its activities after donor exit (Stevens and Peikes, 2006:159), such in some instances also take over its development activities if possible and necessary (Savaya, 2009:191). Since RDT lines up with previous literature on program or project sustainability which concurs that NGOs manage to best sustain their activities by partnering up with other organizations and having diverse sources of funding; it will be used as theoretical perspective as a part of a conceptual framework guiding this research, which will be furthermore elaborated in the methodology section.

4. Methodology

Now that the previous literature has been reviewed and the gap to it has been identified; the RDT perspective concurring with previous literature identifying certain factors (diverse resources and partnerships) contributing to the sustainability of development activities after donor exit, serves as a premise to research Finnish NGOs’ exit strategies after the ODA cut and the way through which the ODA could be compensated in order to sustain development activities.

The research question for this study is:

“How did alternative sources of funding and partnerships with other development organizations influence the success of Finnish NGOs’ exit strategies in terms of the continuity of their development activities after the abrupt cut of official development assistance, allocated by the government of Finland?”

The research methodology “is the bridge that brings our philosophical standpoint (on ontology and epistemology) and method (perspective and tool) together”

(Hesse-Biber & Leavy 2011:06). As the methodology explains how the researcher proceeds in order to find out whatever they believe can be known (Guba & Lincoln, 1994:108), the next step is to select relevant methodological approaches and discuss their relevance, considerations and limitations regarding this study.

4.1. Ontology and epistemology

Since the aim of this research is to find out, what kind of exit strategies did Finnish NGOs have after the ODA cut, and how did partnerships with other organizations as well as obtaining alternative sources influence project or program sustainability in order to compensate for the ODA; this research adopts a post-positivist paradigm, where the aim of the inquiry is to provide explanation to a phenomenon by enabling its prediction and control (Guba & Lincoln, 1994:113).

The paradigm suggests that the social world is patterned, in which case causal relationships can be tested and determined through reliable strategies (Hesse-Biber & Leavy 2011:05). “A deductive approach, which is emphasized in post-positivism, tests theory or a hypothesis against data” (ibid). As the theoretical lens in this research is Resource Dependence Theory, which posits alongside previous literature on sustainability that the continuity of an organization’s operations – in this case development projects and programs of Finnish NGOs – is influenced by partnerships with other organizations as well as diverse sources of funding; the theory used to postulate whether NGOs were able to compensate for the official development assistance through partnerships with other development organizations and alternative sources of funding in order to sustain their development activities, is deducted from the previous research.

An ontology refers to “a philosophical belief system about the nature of social reality—what can be known and how, for example; is the social world patterned and predictable” (Hesse-Biber & Leavy 2011:04). The post-positivist paradigm holds a critical realist ontology, where reality must be examined as closely as possible, yet it can never be fully apprehended due to “basically flawed human intellectual mechanisms and the fundamentally intractable nature of phenomena” (Guba and Lincoln, 1994:110). “An epistemology is a philosophical belief system

about who can be a knower” (Hesse-Biber & Leavy, 2011:04). The post-positivist paradigm holds a “modified dualist and objectivist epistemology, where dualism is largely abandoned as not possible to maintain, but objectivity remains a regulatory ideal” (Guba & Lincoln, 1994:110). In the objectivist epistemology, “special emphasis is placed on external “guardians” of objectivity such as critical traditions (as in, do the findings "fit" with pre-existing knowledge?)” (ibid), which means replicated findings are probably accurate, yet subject to falsification (ibid).




4.2. Conceptual framework

Deducted from the literature on donor exit, exit strategies as well as project or program sustainability after donor exit; this study is guided by a conceptual framework that entails “the system of concepts, assumptions, expectations, beliefs, and theories that supports and informs [the] research” (Maxwell, 2012:39). It is a framework that “explains, either graphically or in narrative form, the main things to be studied—the key factors, concepts, or variables—and the presumed relationships among them” (Miles & Huberman, 1994:18 in Maxwell, 2012:39). Its function is to map, clarify and explain the phenomenon that the researcher wants to understand (ibid, 49) and provide a story about what the researcher believes is happening and why (ibid).

The hypothesis of this research is that, after the ODA cut, Finnish NGOs had to choose exit strategies, which either meant phasing down, phasing out or phasing over their projects or programs, or secure the continuation of their activities per usual through self-regulation. The aim of the research is to discover, how partnerships with other development organizations and alternative sources of funding helped to compensate for the official development assistance allocated by the government of Finland and thus, enabling for the continuity of the NGOs’ development activities after the cut of government aid, which had been an important source of funding (Kepa, 2016) with very little conditionalities (Onali, 2005). If the projects or programs of the NGOs were sustained, would that signify that the development activities were continued within an organization (Shediac-Rizkallah & Bone, 1998). Furthermore, whether the exit strategies were

successful, would that mean that the relevant activities were continued in the same or modified format (Gardner et al., 2005:12) By comparing the three Finnish NGOs affected by the cut, who had different predictions in the media about their prospects of continuing their development activities after the reduction of official development assistance; it gives us a better understanding of the extent that they were able to sustain their development activities and how did partnerships and alternative sources of funding contribute to it.

Conceptual framework guiding this research:

- Exit strategies through⁷: phasing down⁸, phasing over⁹, phasing out¹⁰, self-regulation¹¹

- Influenced by: partnerships, alternative sources of funding – i.e. **RDT perspective**

- Sustained if: the activity is continued within an organization (Shediac-Rizkallah & Bone, 1998).

- Successful when: the relevant activities are continued in the same or modified format (Gardner et al, 2005:12).

⁷ How the goals of the activities are sustained when there is a withdrawal of external resources

⁸ Gradual reduction of program activities with the use of fewer resources

⁹ Turning the development activity over to another organization

¹⁰ Withdrawing from the development activity without turning its implementation over to another organization

¹¹ Full continuity of the NGOs' activities through resource strategies that mitigate dependence-relationships

4.3. Method of focused, structured comparison in qualitative case study

A case study is a detailed research, which consists of data collection regarding a certain phenomenon (Hartley, 2004: 323). The research method used in this study relies on a qualitative inquiry that is based on distinctive methodological traditions of research; exploring a social problem, of which the researcher builds a holistic picture through the analysis of wording (Creswell, 1998:15), for example acquired from interviews or documents (Denzin and Lincoln, 1998).

The objective of a case study “is to provide an analysis of the context and processes which illuminate the theoretical issues being studied [...] and understand how the processes or behavior influence the context” (ibid). This research is a comparative and qualitative study of three Finnish NGOs used as case studies, that were all affected by the Finnish government’s reduction of official development assistance in 2016, in order to understand how certain organizational processes and decisions influenced the project and program continuity of the NGOs after the abrupt ODA cut. These NGOs are Fair Trade Finland, Save the Children Finland and Finn Church Aid, which are all partner organizations with the Ministry for Foreign Affairs of Finland (Ministry for Foreign Affairs, d), had all signed a petition in order to turn the government’s decision around about the cut¹²; and had differing concerns about their abilities to continue their development activities after the cut (Laakso, 2015; Gotev, 2015).

According to Denzin & Lincoln, (2000); quantitative research cannot adequately answer to how a certain phenomenon occurs and why. Whereas quantitative research in the past has not allowed to explain why some social programs survive compared to others (Stevens and Peikes, 2006) or identify the reasons behind project discontinuation in the non-profit sector (Savaya and Spiro, 2012); the strength of the Small-N comparison through qualitative inquiry allows for in-depth analysis of the case study, yet providing a greater scope for contextualization (Halperin and Health, 2012:209).

¹² https://www.kepa.fi/tiedostot/kansanedustajakirje_eikoyhimmilta.pdf

The research utilizes the method of structured, focused comparison. The method is structured, since the researcher writes general questions that reflect the objective and theoretical focus of the research, which are asked of each case in order to standardize data collection and make systematic comparison of the possible findings of the cases (George and Bennett, 2005: 67). The method is also focused, as it deals only with certain aspects of a historical case examined (ibid); in this case, the effect of the government of Finland's official development assistance cut on the continuity of Finnish NGOs' development activities, since the research problem was how were Finnish NGOs able to endure such a harsh budget cut, which had been a concern of development experts before the cut was effected (Gotev, 2015). The method of focused and structured comparison requires an early formulation of hypothesis and the formulation of conditions and variables to be utilized in the analysis of the historical case (ibid, 79). From the RDT perspective concurring with previous literature on sustainability; the continuity of the NGOs development activities after the ODA cut would necessitate the NGOs having partnerships with other development organizations that could help in the continuation of their activities if necessary, or obtaining alternative sources of funding outside of the official development assistance. Thus, the independent variables in this research are partnerships and alternative sources of funding, whereas the dependent variable is the nature of the NGOs' exit strategies. In this instance, the method of structured and focused comparison relies on a disciplined and configurative case study, which uses a theory to explain a case in terms of theory-testing (George and Bennet, 2007: 75), fitting well with the post-positivist paradigm's deductive approach, which tests a theory or a hypothesis against data (Biber & Leavy 2011:05). The comparison relies on the comparison of most similar cases that "are comparable in all respects except for the independent variable, whose variance may account for the cases having different outcomes on the dependent variable (George and Bennet, 2007: 81). The Finnish NGOs that are the compared cases of this study, were all affected by the cut, yet had different predictions in the media about their abilities to continue their projects after ODA cut (Gotev, 2015; Laakso, 2015). Hence, the method of

focused, structured comparison enables the research to find out not only what happened to the NGOs' development activities after the cut, but also what factors contributed to the success of the NGOs' exit strategies in terms of sustaining their development programs and projects after the cut.

4.4. Operationalization

The Finnish government's decision to cut its official development assistance by 43% was made in 2015 and effected from the beginning of 2016. The timeframe for this study is almost two years after the government first announced of the cut which assumes that by now, the NGOs have had enough time to adjust to the cut and determine whether their development programs or projects financed by the government of Finland would be able to be sustained. It has been suggested that the success of an exit strategy can only be ascertained after some time has elapsed from the exit (Gardner et al.,2005:12), which is why two years is a fair amount of time to see what happened to the development projects and programs and how NGOs were able to adjust to the lowered budget, which the previous researches by Kepa (2016) nor Muthami (2016) could not determine due to time constraints.

The interest of this study is on whether NGOs had to phase-out (discontinue), phase-down (reduce) or phase-over (hand-over to another organization) their activities, or if they secured the continuation of all of their on-going activities by becoming self-regulatory. Furthermore, the research aims to find out how partnerships with other development organizations and alternative sources of funding influenced the outcome of their exit strategies. Since qualitative research is a multimethod approach, involving the use of empirical materials such as interviews and texts that describe problem and its meaning (Denzin and Lincoln, 1998:03); for this study, the data will be collected through interviews as primary data as well as any kind of documents provided by the NGOs related to the study that would support the analysis and assist in the triangulation of the data.

The selected NGOs that are Fair Trade Finland, Save the Children Finland and Finn Church Aid, were first approached via email or a phone call, where the researcher and the research topic were introduced and the interest in the selected

organizations was expressed in terms of their contribution to the study. All of the NGOs agreed to take part of the research right away, which then led to the preparations of the interviews and the inquiry of any additional documents that would support the study. The NGOs were initially sent via email the interview protocol with the questionnaire, to which interviewees either replied via email or face-to-face depending on their preference. While Fair Tradeⁱ agreed to respond via email, representatives of Finn Church Aidⁱⁱ and Save the Childrenⁱⁱⁱ preferred a face-to-face interview. In order to acquire data that could be compared, cumulated, and systematically analysed in order to determine, how the NGOs' partnerships with other development organizations and alternative sources of funding influenced the success of Finnish NGOs' exit strategies in terms of the continuity of their development activities after the ODA; the NGOs were asked standardized questions on the nature of their NGOs' exit strategies, how partnerships with other development organizations helped them to sustain their activities that were previously funded by the government, how other funding sources helped them to compensate for the ODA in order to sustain the activities, the main reason why they used a certain exit strategy in terms of the continuity of their projects and programs after the ODA cut, and the amount of discontinued projects or programs resulting from the ODA cut (See appendix for the exact questions and interview protocol).

4.5. Data collection from interviews and documents

Qualitative research interviews can be different in terms of their methods. While they are usually carried to face-to face, can they also be carried out via email for example (King, 2004:12). Since qualitative methodologies represent their epistemological standpoints, the realist approach of the post-positivist paradigm assumes "that the accounts participants produce in interviews bear a direct relationship to their "real experiences in the world beyond the interview situation" (ibid). This is why the two diverse interviews methods used in the research did not cause a problem, as the questions asked were the same to each interviewee. After all, realist interviews can be structured; compared to other qualitative research in

order to ensure a systematic comparison of the data (ibid). In the purpose of structured and focused comparison regarding the ODA cut's effects on the continuity of NGOs' development projects and programs; the interviewees were asked "fine-tuned sets of general" (George & Bennet, 2007: 86) and "information-seeking" (King, 2004: 16) questions about aspects of their organizational life (ibid, 21) that were strictly related to empirical matters concerning the continuity of their development projects and programs after the ODA cut and not on their personal thoughts of the subject. The interview questions commenced by asking general questions about the role and objectives of the organizations in the development field and the career positions of the interviewees (for background information not utilized in the analysis) and then easing into the questions that reflect the conceptual framework that guides the research and frames the a priori questions.

From a realist epistemological standpoint, the "interviewees' accounts are treated as providing insight into their organizational lives outside of the interview situation (ibid), however, the realist position requires a "concern with the accuracy of accounts", which is why comparing the findings of the interview to data obtained from other methods, such as documentary analysis might be beneficial for the research (ibid). This is why the interviewees were also asked any supplementary documents that they were willing to provide for supporting the research and enabling for the triangulation of the data acquired from the interviews.

As previously mentioned, Save the Children and Finn Church opted for face-to-face interviews, which were held in their offices in Finland, from which they had the right to withheld at any time. As a requirement for qualitative research is to explain the accounts of the participants "in their own words" (Davies & Hughes 2014, p. 189); their interviews were audio-recorded, to which the interviewer asked for their consent. The recording enabled for the verbatim transcription of their interviews later on, which was done the next day on a separate Word document. The method of "electronic interview" (Morgan and Symon, 2004) that

was used with Fair Trade in the form of an email, had the advantage however, that “that there [was] nothing ‘lost’ in transcription”, as there was no need to transcribe the data (ibid, 27). Furthermore, from an objectivist epistemological standpoint, the method of electronic interview was useful when assuring that the participant is asked the questions “without any interference from researcher error or interviewer effects” (ibid, 28).

4.6. Coding and analysis

As previously mentioned, the research utilizes a method of structured and focused comparison; relying on a disciplined and configurative case study that uses a theory to explain a case in terms of theory-testing (George and Bennet, 2007: 75), which fits well with the post-positivist paradigm’s deductive approach that tests a theory or a hypothesis against data (Biber & Leavy 2011:05). The premise of a deductive qualitative analysis is that the research has a pre-set theory guiding the research questions (Gilgun, 2011) that can be “based on preliminary studies and be a theoretical model, a set of inter-related hypotheses or a theory guiding the research” (ibid); all of which are part of the conceptual framework that guides this research. The conceptual framework uses a hypothesis that NGOs opted as exit strategies to either phase down, phase over or phase out their development activities (Gardner et al., 2005) or could sustain all of their development projects and programs by having managed to become self-regulatory (Bies, 2010) and not be dependent on government funding. The theory that the research tests is Resource Dependence Theory, which concurs with previous literature on project and program sustainability (op cit.), on the importance of partnerships with other organizations and diverse sources of funding on the continuity of an organization’s operations (Pfeffer and Salancik, 1978; Hillman et al. 2009). Thus, the research aim is to find out whether these factors influenced the success of these NGOs’ exit strategies in terms of the continuity of their projects and programs. Previous literature asserts that a development project or program could only be sustained if the activities were continued within an organization (Shediak-Rizkallah and Bone, 1998), and that an exit strategy can only be successful if the

relevant activities were continued at the same or modified format (Gardner et al. 2005). Thus, “the initial theory is a source of codes that researchers use to analyze the data they collect” (Gilgun, 2011), while the researcher should “also expect to test the viability and usefulness of the codes” (ibid). For enabling the systematic analysis and comparison of the acquired material from the interviews and the supplementary documents provided by the NGOs in order to find out how partnerships with development other organizations and alternative sources of funding played a role in the continuity of the NGOs development activities after the ODA cut; the acquired data from the transcripts and documents was systematically coded on the basis of the conceptual framework guiding the research and the a priori questions used in the questionnaire regarding the following; *timeframe for the exit, amount in euros of the budget cut, type of exit strategies used, the importance of the ODA on the activities of the NGO, role of partnerships with other development organizations in the continuity of the organizations’ activities after the ODA cut, role of diverse funding sources in the continuity of the organizations’ activities after the ODA cut, main reason for the type of exit strategies, number of cancelled un-initiated activities due to ODA cut.*

Once the data was organized around these central questions and topics (Hartley, 2004: 329); the analysis of the data proceeded to examine how far the data fit or failed to fit the theory guiding the research. The analysis of each case was first conducted individually in order to understand the case on its own and its organizational processes after the ODA, followed by a cross-case analysis of each case, involving the comparison of the organizational processes of each of the cases after the ODA cut in order to find out and conclude, how partnerships with other development organizations and alternative sources of funding influenced the nature of the cases’ exit strategies in terms of the continuity of their development activities after the ODA cut.

4.7 Reliability, validity and limitations

It has been suggested that the “research should explicitly discuss the major research dilemmas that the case study researcher faced in the analysis of the case

and the justifications for solving those dilemmas in a particular way” (George and Bennett, 2005: 94), in order to demonstrate reflexivity i.e. “critical appraisal of one’s own research practice” (Cassell& Symon, 2004: 05). Thus, the validity, reliability and limitations, as well as the de-limitations and ethical considerations will be discussed next.

Explanatory research seeks to explain a certain phenomenon and the “relationship between the different components in a topic” (Hesse-Biber & Leavy (2011:10). Thus, this research is an explanatory research that seeks to identify and explain the importance of diverse sources of funding and partnerships with other development organizations in the project and program continuation of Finnish NGOs after the abrupt cut of official development assistance, allocated by the Finnish government. According to Yin (1994), it is useful to grasp the nature of the study – whether exploratory, descriptive or explanatory – “as this will affect the focus of the research questions and the degree of which the aim of the case study is to analyse particular and unique circumstances or to focus on generalization” (Hartley, 2004:326). Stake (1995) proposes that case studies should either be instrumental or intrinsic, which determines the degree “to which the focus is on the unique or the generalizable features of the case research” (Hartley, 2004:326). An instrumental case study – which this research is – begins with a research question and problem, followed by finding certain cases to offer illumination to a certain phenomenon (Stake, 1995).

Research reliability is concerned on whether “the operation of a study can be repeated with the same results” (Yin 2003: 34). Firstly, the concern regarding a case study is in its external validity (Yin, 2003). However, due to the explanatory nature of this research, which seeks to understand the role of partnerships with other development organizations and diverse sources of funding in the continuation of selected Finnish NGOs’ development activities after the cut of official development assistance in the context of Finland; it does not seek for external validation. As it was mentioned in the literature review; previous research on NGOs’ project and program continuity after a shift in donor funding

in the context of Finland and the “Nordic Aid Exceptionalism” lacked, as previous studies were either done from a principal-agent perspective (such as AbouAssi, 2012), which does not apply to the context of Finland, as its development aid allocation does not entail conditionalities (Onali, 2005). Furthermore, previous research has failed to address what happens or happened to the projects and programs of Finnish NGOs after the abrupt cut of official development assistance and how NGOs adapted to it in terms of the continuity of their development activities (Kepa, 2016; Muthami, 2016; Rentola, 2013). Thus, this research is not aiming for generalizations, but to be an explanatory research and with the objective for internal validity; to understand how partnerships with other development organizations and diverse sources of funding contribute to the sustaining of NGOs’ development projects and programs after an abrupt cut of official development assistance, that has been an important source of funding with very little conditionalities (Kepa, 2016; Onali, 2005). However, the researcher acknowledges that external validity would increase only, if a similar research would be conducted in a similar context. Such context would be for example regarding the continuation of Danish or Dutch NGOs’ development activities, as they resemble Finland intrinsically as a donor (Selbervik & Nygaard, 2006), yet recently also decided to cut their development assistance, which left their respective civil societies worried on the impact of their governments’ ODA cut on Dutch and Danish NGOs’ development cooperation (theLocal.dk, 2015a; Ravelo, 2015).

The construct validity of the research, which refers to the correct operational measures for the concepts (Yin, 2003), was ensured through triangulation of multiple sources of evidence (interviews and documents). However, one limitation that came up with the interview with Finn Church Aid regarding construct validity, was the fact that the NGO workers interviewed for the research had not been working on the projects and programs that were funded by the Finnish government during the last funding-round and were affected by the ODA cut and thus, had to rely on secondary information that they had “heard or read” around their organization. However, their information was triangulated using key-

documents that they provided in terms of the ODA cut's impact on the continuation of their activities. From a post-positivist standpoint, the secondary information that was triangulated did not pose a problem for the validity of the research, as it was as close to the truth as the researcher could get. After all, according to the critical realist ontology that the post-positivist paradigm posits; the reality must be examined as closely as possible, yet it can never be fully apprehended due to "basically flawed human intellectual mechanisms and the fundamentally intractable nature of phenomena" (Guba and Lincoln, 1994:110). When it comes furthermore to the construct validity of the research; "checking the findings with the case study participants can be a valuable part of the analysis and can enhance validity" (Hartley, 2004:330), since even though the researcher is responsible for the interpretation of the findings; "the participants should also be able to agree with the verifiable facts" (ibid) that the researcher presents. Thus, the research findings were asked to be double-checked by the interviewees before the dissemination of the research in order to improve validity.

While the electronic interview carried out with Fair Trade was directly done in English and by written, which did not require any measurements of transcribing and translating the text; one issue regarding the reliability and validity of the research addresses the nature of qualitative research regarding face-to-face interviews with Save the Children and Finn Church Aid that were conducted in Finnish, as interviews are sensitive to alternations in interpretation and wording (Bryman 2004, p. 114). While the interview of Fair Trade was directly quoted word-by-word from the interview answers that the organization had given; the responses of Save the Children and Finn Church Aid were quoted with the use of free translation, which follows the grammatical rules of the English language. According to Birbili (2000), while a word-to-word translation might better reflect on what the interviewees said in actuality; there is a possibility that the readability of the text would be compromised and thus, would complicate the readers' understanding of "what's going on". Hence, in order to produce a coherent and understandable text; the responses given by Save the Children and Fair Trade were written by using a free translation. However, in order to assure for the

transparency of the free translation; the original statements in Finnish can be found in the footnotes below each direct quotation.

4.8. Ethical considerations

Ethical considerations also had to be taken into account in order to ensure the validity and transparency of the research. Especially, the use of interviews in a research is prone to ethical problems regarding the protection of human subjects, as their perceptions of the research phenomenon are exposed to the public (Kvale, 2007). Therefore, before conducting the interviews or acquiring any kind of data from the organization; the aim of the research project, the role of the participants in it and what kind of data will be acquired were clearly communicated to the participants at the beginning of the research, as suggested by Davies and Hughes (2014:43). Furthermore, the participants had to give their consent of taking part in the research, in order to confirm that they had understood the aim of the research and the reason why they were asked to participate in the study (Davies & Hughes, 2014). Regarding this, the agreement was done by verbal consent when the interviewees were first contacted via email or by phone or again during the face-to-face interviews. When it comes to the electronic interview; the questionnaire was handed out with an interview protocol which stated out the aim of the research, confidentiality agreement and the role of the participant in the research (see Appendix). The interviewees were also given the name, email address and the phone number of the researcher, should they have any further questions, comments or concerns about the research in order to ensure the clarity of the research. The first question of the questionnaire asked if the interviewee wanted to remain anonymous, which was asked from all of the participants. While Save the Children and Fair Trade representatives gave their consent to release their personal information in the research if necessary – mainly regarding their position in the organization; the representatives of Finn Church Aid decided to be anonymous, yet gave the consent to release the name of the organization in the research. The interviewees were also given the permission to withdraw at any moment from the research, also during the interview.

Regarding the confidentiality of some of the documents provided by the NGOs that supported the research; Finn Church Aid had informed that some of their documents were indeed confidential and the researcher could not directly disclose the information of the document in the analysis, to which the researcher agreed. In order to respect the confidentiality of the documents, the researcher only referred to the data in them that confirmed the information that was already given in the face-to-face interviews. In terms of data gathering and preservation, the data obtained from the audio-recorded interviews were stored in the researcher's mobile phone that was locked by a password, to which only the researcher had access. Once the research was completed, the data would be disposed. The transcribed data from the interviews, also concerning the electronic interview as well as the confidential documents provided by Finn Church Aid via email; would be stored by the researcher for six months, after which they would be destroyed. Any confidential data acquired via email was saved to the researcher's computer and deleted from the email conversations. This is because according to Walliman (2011): "e-mails and file transfers can be open to unauthorized access (p. 257),"

Regarding the transparency and validity of the research; it has been said that "although the researcher may have a set of a priori issues, it is important to maintain an open mind and not force the data to fit the a priori issues" (Srivastava, A. & Thomson, S.B., 2009:76), as researchers might be tempted to choose how to interpret and present the analysis of the data (Walliman 2011, p. 254). However, as the research is guided by the conceptual framework and designed around the a priori issues in order to simply test the theory of how – from the Resource Dependence Theory perspective – partnerships and diverse sources of funding influence the success of Finnish NGOs' exit strategies in terms of the continuity of their development activities after a cut in government funding; from a post-positivist standpoint, the research emphasis is placed on "critical multiplism as a way of falsifying (rather than verifying) hypotheses" (Guba & Lincoln, 1994:110). Hence, the researcher tests the a priori issues against the data, rather than forcing them to fit to the data (Srivastava, A. & Thomson, S.B., 2009:76),

4.9. De-limitations

The de-limitations of the research are boundaries that restrict the scope of the research (Creswell, 2002). Due to constraints of time and word-count; the scope of this research was clearly limited to only certain aspects of the researched phenomenon; being the effects of the government of Finland's ODA cut on Finnish NGOs' development activities, and the factors that influenced the continuity of them.

Firstly, this research strictly limits to ODA allocation towards the development projects and programs of Finnish civil society organizations, and is not focusing on the effects of the ODA cut on multilateral aid, or bilateral aid that refers to "country-to-country" programs. The second de-limitation of the research is regarding the notion of "sustainability", as it has been mentioned that the central problems facing development projects and programs financed by Finnish official development assistance, are sustainability, long-lasting impacts and their measurement (Koponen & Seppänen 2007; Riddell 2007 in Rentola, 2013:14). Whereas Shediak-Rizkallah and Bone (1998) have defined "sustainability" as a) the achieved benefits of the initial activities are maintained, b) the activity is continued within an organization, and c) the capacity of the recipient community is continued to be built in order to sustain those benefits; the notion of sustainability in this research is only limited to the immediate continuation of the development activity within an organization after the ODA cut, and not to the long-term continuity development programs and projects, i.e. their sustained impact. Gardner et al. offer three types of indicators to define whether a development activity is successfully sustained even after a donor exit. These are *a) If the program impact has been sustained, expanded or improved after program end; b) If the relevant activities are continued in the same or modified format; and c) If the systems developed continue to function effectively* (2005:12). However, as the notion of sustainability in this research is limited to the immediate continuation of the activities within an organization; in terms of exit strategies, the research is only concerned of whether the *activities are continued*

in the same or modified format and not about their impact or continuation in the long run. This is because the scope of this research does not allow for that kind of a study, as the researcher would not have the capacity to research the impact or long-term continuation of the activities in the recipient country, which would be more suitable for doctorate-level dissertations.

A third de-limitation of this research concerns the controlling of factors that are assumed to influence project and program sustainability after the cut of official development assistance. Previous research has also stated that the continuity of an NGO's operations depends on the *capacity* of the organization (Amazigo et al 2007; Engels 2010; Johnson et al, 2004; Rentola, 2013; Rogers and Coates, 2016; Savaya et Spiro, 2012; Savaya, Spiro and Elran-Barak, 2008; Shediak-Rizkallah & Bone, 1998). This concurs with the theory on Organizational Ecology (Baum and Amburgey, 2005), which has alongside Resource Dependence Theory (Pfeffer and Salancik, 1978) been the most cited organizational theory when researching the continuity of NGOs' operations (Burger & Owens, 2012:1287). The theory postulates that it is the organization's innate characteristics that affect the continuity of an NGOs' operations (Burger & Owens, 2012:1287), such as the organization's size; which is why there is some indication to the 'liability of smallness' of an organization (Burger & Owens, 2012: 1287). The liability of smallness suggests that smaller organizations might have a harder time to secure funding in order to sustain their activities (ibid, 1288), as for example, the visibility and renowned reputation of an NGO in Finland has been seen to attract donations much easier (Onali, 2005:23). Furthermore, it has been claimed that smaller organizations might have been hit harder from the recent ODA cut by the government of Finland (Kepa, 2016). However, controlling for the organization's size of being the determinant factor for project or program continuation of Finnish NGOs after the ODA cut, would require the comparison of different-sized NGOs for internal validity and the use of a different theoretical perspective, which would not be possible in the scope of this research due to constraints of limited word-count.

5. Analysis

From this point forward, the research continues by analyzing the case studies first individually in accordance to the conceptual framework and the RDT perspective, in order to find out, what kind of exit strategies the NGOs had and how did partnerships with other development organizations as well as alternative sources of funding influence the continuity of the NGOs' development programs and projects after the abrupt ODA cut, which had been an important source of funding with very little conditionalities (Kepa, 2016; Onali, 2005).

5.1. Save the Children

Since the aim of this research is to study the role of partnerships with other development organizations and diverse sources of funding in determining the success of Finnish NGOs' exit strategies in terms of the continuity of their development activities after the sudden cut of official development assistance allocated by the Finnish government; the first question asked was about the abruptness of the ODA cut for the NGO. It has been said that an early communication to aid recipients about a donor exit is important in terms of sustainability, as it reduces dependencies on the initial donor (Rogers&Macias, 2004:21). However, in the case of Save the Children; the organization had only been given six months to prepare for the cut which came as a surprise to them.

"We had less than six months to prepare. We thought that the cut would come gradually... In June 2015, we expected a small cut. But 30% to 40% – that was a big deal, which came as a surprise. So, four to five months; yes, that was a very short time¹³".

¹³ *Kyllä se oli vajaa puolivuotta, ja se että, kyllä siinä kuitenkin yritettiin kommunikoida niin kuin, että voisiko ajatella, että ne leikkaukset tulisi sillain porrastetusti... Mutta se oli kesäkuussa 2015... Jotain ehkä osattiin odottaa, jotain pientä... Mutta 30-40%, se on tosi iso. Kyllähän porukka oli siinä vähän kuin joku olisi heittänyt märän lätin naamaan. Aika hiljaiseksi menttiin. Sanotaan, että neljäviisi kuukautta... Niin kyllä se oli tosi pieni... tosi lyhyt aika.*

It has been said that the involvement of the initial funder plays a big role in project continuation (Savaya and Spiro, 2012). Thus, when asked how much was the initial ODA been cut and how important was it in terms of the continuation of their development activities that had been previously funded by the government, the interviewee replied;

“The initial government funding has enabled us to transfer the ODA quite flexibly within the program term of 2014-2016. Say, if we for some reason could not within the first year do what was said to be done; the money was able to be transferred to the following year. However, the sums left unused from the 2015 budget were very nitty gritty, only around 5 to 15 thousand euros... So, when the Ministry for Foreign Affairs cut its ODA allocation by 43%, which meant reducing 2 million out of our 2016 budget, we had to top it up ourselves, reduce the initial budget that was planned for 2016 and carry out the program until the end of their term as planned”¹⁴.

When asked what kind of exit strategies the NGO had in order to continue its projects and programs after the ODA cut; it was through self-regulation that that it managed to continue its development activities before the closing of its three-year program term in the end of 2016, which was previously funded by the government.

“In 2015, we were thinking whether should we cut our projects and programs, but the board of directors of Save the Children decided that the

¹⁴ UM:n ohjelmakauden sisällä me ollaan aika fleksiibelisti myöskin siirretty varoja, vaikka sanotaan, että on ohjelma 14-16 ja ekana vuonna ei saada tehtyä sitä mitä sovittiin x,y,z syistä johtuen, niin me ollaan voitu siirtää se raha seuraavalle vuodelle. Mutta, 2015 jos jotain rahoja jäi hankkeesta käyttämättä se voi olla joku 5 tonnia, 15... siis aika niinku semmoisia nitty gritty, tosi pieniä lukuja... UM oli luvannut meille... eli tavallaan sopimus oli, että saataisiin 5,1 miljoonaa ja tota 2,87 saatiin eli siitä lähti päälle 2 miljoonaa pois. Jokainen voi laskea eri tavalla, UM sanoo, että mikä se prosenttiosuus... Faktisesti se leikkaus oli 43%. Niinku sanottiin, että ennemmin vähennettiin vuoden 2016 budjetista, topataan eli laitetaan se raha, mikä muuten olisi hävinnyt laitetaan itse siihen niin ja viedään suunnitellusti suunnitelmat loppuun.

organization was not going to cut anything; that we would top up the money ourselves and end the program term as planned. The cut thus did not have a direct impact on the goal of our activities¹⁵”.

Although the NGO managed to sustain all of its activities until they were graduated; the organization however mentioned that due to the lowered level of government funding, it did not start some of the programs that were initially planned, but continued its new program-term from 2017 onwards with “*lesser countries and with a smaller volume¹⁶”.*

Based on the interview; the organization had managed to become self-regulatory, which meant having resource-strategies that mitigated their dependence-relationship on the government in order to secure the continuity of its activities. (Bies, 2010). The interviewee continued:

“When we were preparing for the current program for the year 14-16 back in 2013; we were discussing even then that we should increase our funding base in order not to have all our eggs in the same basket... Not to be so dependent on one donor... So, we worked really hard for it!”¹⁷.

Next, the question was regarding the role of partnerships with other development organizations as well as diverse sources of funding in sustaining the organization’s development activities from which the ODA was cut. From a Resource Dependence Theory perspective, partnerships with other organizations

¹⁵ *Mutta nyt 2015 silloin me kommunikoitiin se niin, että, aluksi mekin mietittiin, että ei hitsit, mistä leikataan ja leikataanko, mutta sitten Pelastakaa Lasten hallitus ja johtoryhmä yhdessä päätti, että ei, tosiaan me topataan, eli laitetaan se raha, mikä muuten olisi hävinnyt laitetaan itse siihen niin, että viedään suunnitellusti suunnitelmat loppuun. Ja tota, eli semmoisia pieniä niinku jäi, mutta että varsinaisesti niin ei ne niihin hankkeiden tavoitteisiin ja tota siihen mitä oltiin suunniteltu niin vaikuttanut merkittävästi.*

¹⁶ *”Vähemmän temaattisesti... Vähemmissä maissa ja pienemmällä volyyymillä”*

¹⁷ *”Kun me tehtiin nykyistä ohjelmaa, niin 14-16... 2013 me silloin jo sisäisesti keskusteltiin siitä, että täytyy kasvattaa rahoituspohjaa, niin ettei voi olla... Kaikki munat eivät voi olla samassa korissa... Ei voi olla niin riippuvaisia yhdestä rahoittajasta. Ja me tehtiin tosi paljon töitä sen eteen”.*

can help an organization to sustain its operations in a resource dependent environment (Hillman et al., 2009) and concurring with previous research on project and program sustainability; other development organizations can take over activities if necessary and possible (Savaya, 2009). However, in Save the Children's case, partnerships with other development organizations did not play a major role, as the organization managed to continue all of its initial activities within its organization.

It was its diverse sources of funding that helped the NGO to compensate for the official development assistance and sustain its development activities after the ODA cut. From a Resource Dependence Theory perspective, it has been advised that the more diverse the funding of an organization is, the more it ensures the continuity of the organization's operations and reduces dependency (Pfeffer and Salancik, 1978). This has also been stated in previous research on sustainability that suggest that an NGO can gather resources from individual donors (Brach et al, 1994) or corporations, membership fees and fundraising (Stevens & Peikes, 2006) in order to sustain its development activities (ibid). Additionally, hiring professional fundraisers and raising public awareness of the development activity is also important (ibid, 158) since well-publicized projects are likely to find replacement-funds easier (ibid, 154). This is exactly what happened in the case of Save the Children that had actively pursued fundraising already before the ODA cut, had received funding support from corporations as well from individual donors and had organized a public fund-raising campaign that was specifically set for compensating for the ODA once it had been cut in order to continue the organization's activities until the end of their term.

“15% of the funding for our programs has to be our own contribution, whereas the Ministry for Foreign Affairs covers for 85%. However, when the cut came in 2016, we were able to direct our already existing funds towards the projects from which the Ministry cut its funding. We had raised funding independently all along, and then there were also private sponsors for development activities in East-Africa, a will-donation, as well

as other fund-raising campaigns directed to specific countries, such as for schooling in Kenya and Ethiopia from which we got – I am estimating around half a million of euros... This meant that there had been reserves of funding that had been initially gathered more towards some specific countries rather than others. So, when the cut came in 2016, we were able to direct these funding reserves that we already had towards the projects and programs affected by the ODA cut. But of course, our “No Children will be left behind” –campaign also helped”.¹⁸

The interviewee continued;

“In a way, we are glad that we have managed to raise our funding bases outside of the Ministry for Foreign Affairs by receiving money from elsewhere, such as from ECHO, as well as corporate funding from Nokia. In this way, we were very successful in 2015”¹⁹.

¹⁸ ”Pitkin tätä vuotta niin, kun me saadaan ohjelmarahoitus, niin UM edellyttää, että se on aina se 85% joka tulee UM:ltä ja aina 15% on se ”own contribution”. No, mehän tehdään varanhankintaa siis koko ajan. On ollut niin, että sanotaan että itä-Afrikassa meillä on ollut kummeja tai sitten jotain tällöisiä keräyksiä, joissa... Niinku tiettyyn maahan on kerättyä enemmän kuin jonnekin toisaalle. Ja nyt sitten kun nää leikkaukset oli 2016 niin me tehtiin niin, että esimerkiksi 2016 hankkeet, kun me implementoitiin... Niin meillä oli... Voi siis olla, et on tullut testamenttilahjoituskin vielä... Mutta tota... Joka tapauksessa meillä oli niin kuin koulutukseen kerättyä rahaa niin, että Etiopian hanke ja Kenian hanke... Mitäköhän ne olisi ollut yhteensä... Nyt mä heitän äkkiä... Puoli miljoonaa... Niin ne... Niiden... UM:n kontribuutio vuonna 2016 näille kahdelle hankkeelle oli 0. Eli se, että kun me ne katettiin kokonaan itse, eli sehän tarkoitti, että niihin varatut rahat niin me voitiin sitten tavallaan hyvittää sitten niille, eli tavallaan vähän niin kuin pelata näin. Eli siihen me niin kuin oltiin kerätty rahaa. Niin tää oli oikeastaan myös yks kikka... Mutta oli myös se Yhtäkään lasta ei jätetä –keräys, joka laitettiin sit pystyyn leikkausten yhteydessä, kyllä”.

¹⁹ ” Tavallaan se riemu siitä, että me ollaan oltu tosi hyviä ja tosi hyvin osattu jotenkin asemoida ja kasvattaa tätä rahoituspohjaa muualtakin kuin UM:stä; tää oli vaan se UM:n osuus. Mutta silloin me saatiin myöskin ECHO rahoitusta eli EU-rahoitusta ECHO:n kautta ja yritysrahaa Nokialta. Et meillä oli tosi hyviä semmoisia ”successes” vuonna 2015.

5.1.1. Summary of analysis – Save the Children

The main research question of this study is: *How did alternative sources of funding and partnerships with other development organizations influence the success of Finnish NGOs' exit strategies in terms of the continuity of their development activities after the abrupt cut of official development assistance, allocated by the government of Finland?*

Whereas sustainability refers to the continuity of development activities within an organization (Shediac-Rizkallah and Bone, 1998); an exit strategy can only be successful when the activity after donor exit is continued in the same or modified format (Gardner et al., 2005:12). Concluding from the interview; the organization managed to have a successful exit strategy after the ODA cut regarding the continuity of its development activities affected by the cut. By becoming self-regulatory [i.e. pursuing resource strategies that mitigated dependence-relationships and environmental uncertainty (Bies, 2010:1066)] very early on already before the cut; it managed to not “have its eggs all in one basket and be so dependent on the initial government funding” in order to sustain its on-going activities until the end of their term.

Although the initial government funding had been very important, as its flexible nature also enabled the organization to direct leftover funds from the 2015 ODA budget onwards to the one of 2016; once the budget had been cut in 2016 by 2 million euros, the NGO had to come up with other solutions to compensate for the official development assistance. From a Resource Dependence Theory perspective stressing the importance of partnerships (Hillman et al., 2009) as well as diverse sources of funding (Pfeffer and Salancik, 1978); partnerships with other development organizations did not play a role in the sustaining of the NGO's previously government-funded activities, while it was other sources of funding acquired from fundraising, corporate donations and private donors that helped the organization to continue its on-going development activities after the ODA cut until they were graduated. The only downside regarding to the continuation of its

activities after the ODA cut was that some of its initially planned programs for the following term were not commenced.

5.2. Finn Church Aid Analysis

Like Save the Children; Finn Church Aid had also anticipated for the ODA cut, yet had not been expecting how much it was going to be and how fast it was going to be implemented, which therefore had not given the organization a lot of time to prepare for it. Finn Church Aid was significantly affected by a 37% cut in their development aid allocation received from the Finnish government, which meant that funding for its program term of 2015-2017 was reduced by close to 8,5 million euros in 2016. When asked about the importance of the government funding on its activities, the organization responded;

The official development assistance has been a source of funding that we have been able to invest well, through which we have been able to attract other investments and scale our work. It brought security and longevity to our work, which we no longer have in the same way... Of course, we still receive funding from the Ministry for Foreign Affairs, but now, our activities are more dependent on whichever funding we could get.²⁰

As already mentioned; an exit strategy is only successful when the activity continues in the same or modified format (Gardner et al., 2005) and furthermore, the activity is sustainable when it continues within an organization (Shediac-Rizkallah and Bone, 1998). In some cases, however, the organization had to opt for phasing out, as in the discontinuation of some of its development activities. This signified that the organization had to reduce from its initial 19 country programs down to fourteen, meaning that four country programs (Lebanon, Honduras, Mozambique, Guatemala and Democratic Republic of Congo) had to

²⁰ ”Ulkomministeriön rahoitus oli tämmöistä rahaa mikä me pystyttiin sijoittamaan hyvin, pystyttiin saamaan muita rahoituskokonaisuuksia ja skaalaamaan meidän työtä. Ja se antoi pitkäjänteisyyttä ja turvaa meidän työlle. Mitä nyt ei ole samalla lailla. Toki meille vielä tulee ulkoasiainministeriöstä vielä rahaa ja ettei tää ole ihan täysin mustavalkoinen, mutta se vaikutus sillä on... Että nyt me ollaan paljon enemmän sen varassa mitä me pystytään saamaan...”

be discontinued altogether. Country programs in Cambodia, Nepal, Haiti and Sierra Leone had to be phased down. In addition, 24 development projects had to be discontinued and 12 had to be reduced. One activity that they were going to start was cancelled.

When asked why the organization had to result to such exit strategies, there were many reasons, such as the speedy timeframe for the exit, the demands of other donors and the high dependency-level on the government funding, which is why the organization had to opt for phasing out or phasing down its projects. Regarding Latin-America, the organization had already had plans for phasing out, which was now only executed at a faster pace²¹. When it came to the reason why the other countries had to be phased out, it was the fact that the government's decision to cut its official development assistance came so abruptly that it did not provide enough time for a sustainable exit. Additionally, the loss of the important and flexible government funding which could not be replaced contributed to the decisions to phase out. While the ODA had previously enabled to fund different types of development activities; finding financing for them from other sources after the ODA cut was hard due to the other funders' specific funding criteria.

“Different funders had different kinds of criteria regarding to our projects, and the timeframe for the exit was too abrupt so that we could have continued the activities in the same format. The government funding was really flexible, whereas some of the funders have a really tight focus. That limits our project planning... And after all, the cut was such a big amount, which had a major impact. Since we are operating in fragile states...; of course, we receive some other funding for them, however, there are some of them to which it is harder to get funding from elsewhere.... For example, Congo was one of those programs that we could have continued, but as the decision for the ODA cut was so fast, we

²¹” *Esimerkiksi Latinalaisessa-Amerikassa meillä oli suunnitelma, että me tullaan eksitoitumaan. Mutta sitten se tehtiin vaan nopeutetulla aikataululla”*

were not enable to prepare for it so that we could have found other funders and continue the activities”²².

The organization also had some instances where it managed to phase over its projects, although this was quite rare.

“We had discussions with partner organizations if they could continue our projects and in which way. So, some of the projects were managed to be continued this way (...) In Congo, we had one of those phased-over projects. We had, for a long time, been collaborating with a local organization alongside Norwegian Church Aid. So, when our exit strategy was set, they took over our activity. The reason that made possible for the phase over, was the already existing tight relationship that we had with the partner organization, who also wanted to make sure that the project was going to be continued. Although, since the exit was so fast, a lot of phase-over type of exit strategies did not happen.... It is quite rare to already have this type of partner who could take over the project and who

²² *“Eri rahoittajilla on eri kriteerit. Lisäksi aikataulu oli liian tiukka, jotta toimintaa olisi voitu jatkaa täsmälleen samanmuotoisena. Se suurin vaikutus sillä oli, että ensimmäinen asia oli, että tehtiin niin nopeasti ne päätökset, että niitä ei porrastettu ja se ei antanut mahdollisuutta kestävään eksitoitumiseen. Jouduttiin lopettamaan asiat yllättäen ja yhtäkkiä... Se oli se iso vaikutus (...) Ja just tietyn semmoisen joustavuuden häviäminen että... Ministeriön varoilla ollaan aika kivasti... Tietysti sekin on vähän muuttumassa; mutta että ollaan pystytty vähän niinku kokeilemaan uutta ja pilotoimaan ja... Semmoiseen se on mahdollistanut. Kun taas sitten osa rahoittajista on hyvin semmoisia... Heillä on hyvin tiukka se fokus, tavallaan. Rajoittaahan se pikkasen sitä sellaista joustavuutta mitä meillä on sitten ohjelmasuunnittelun puitteissa ollut (...) Ja niin merkittävä summa se oli sitten loppujen lopuksi, mikä kuitenkin lähti että... Totta kai sillä oli isot vaikutukset. Ja sit ehkä vielä se, että me toimitaan näissä hauraisissa valtioissa, niin rahoituksen saaminen sinne on... Jotainhan rahoitusta sinne tulee toki ja voisi saada helpommalla mutta sitten on toisia asioita mihin on vaikeampaa saada rahoitusta. Kongo oli nimenomaan sen takia... Sen takia me oltiin surullisia ja on harmi, kun tässä ei nyt ole ketään muuta joka osaisi myös muita maaesimerkkejä käyttää mutta... Kongossa oli mun mielestä semmoinen ohjelma, jonka päälle olisi voitu rakentaa mutta kun se päätös oli niin nopea, me ei pystytty varautumaan siihen sillä tavalla, että me oltaisiin sitten pystytty etsimään muita vaihtoehtoisia rahoittajia ja toimintaa jatkamaan”*

was already part of the collaboration. And not being an outsider to whom we would've had to sell the project”²³

From a Resource Dependence Theory perspective, partnerships with other organizations have said to increase the continuity of an organization's operations (Hillman et al., 2009). Additionally, regarding the sustainability of an NGO's development activities, partnerships with other development organizations could provide the NGO with the support it needs in order to sustain its activities after donor exit (Stevens and Peikes, 2006:159), such take over its development activities if possible and necessary (Savaya, 2009:191). When it came to the role of other development organizations in sustaining Finn Church Aid's activities after the ODA cut; it was however quite a rare instance where the organization could phase over its projects to other development organizations. It was more so diverse sources of funding that influenced the continuity of the NGO's activities and the nature of its exit strategies. From an RDT perspective, the importance is on the gathering and maintenance of resources that ensure the survival of the organization's operations in an uncertain environment (Burger and Owens, 2012:1287) and it has been advised that external funding should always be complemented by supplementary assistance and never be the main source, as in this type of dependent relationship also lies inconsistency (AbouAssi, 2012:38-

²³ *“Muistan, että siinä oli kyllä keskusteluja myös, että sitten sellaista meidän sisarjärjestöjen kanssa, esimerkiksi jotka toimivat niissä maissa, että jos he sitten pystyisivät jatkamaan ja miten sitä pystyttäisiin sitten... Elikkä jotkut onnistuivat näin (...) Mutta Kongossa yksi niistä hankkeista(...)Että me ollaan pitkään jo, tehtiin siellä yhteistyötä itseasiassa niin, että paikallisjärjestö, me ja sitten norjalaiset, Norwegian Church Aid... Niin tuettiin sitä samaa hanketta. Niin sitten kun tämä meidän eksitoitumispäätös vahvistui, niin me saatiin sitten siihen meidän hankkeen puitteissa käynnissä oleva semmoinen lainakomponentti siirrettyä osaksi sitä NCA:n hanketta (...) Oli taustalla se, että meillä oli jo sillä hetkellä tämmöistä tiivistä yhteistyötä ja näin ollen se mahdollisti sen että, totta kai nekin olivat halukkaita varmistamaan että... Aikataulullisesti sehän oli niin nopeaa, kun siitä ilmoitettiin, että leikkaus tapahtuu. Että se ei antanut niinku... Tilaisuus joka me käytettiin totta kai sitten otettiin siitä hyöty irti... Mutta luulen, että ei hirveen paljon ehkä tämän tyyppisiä sitten kuitenkaan pystytty tekemään. Niin ja niin, siis tää ole harvinainen, että jo löytyi valmiiksi tää, joka voisi ottaa sen... Niinku jatkaa kumppanina siinä. Ja joka oli jo mukana siinä yhteistyössä... Ei ollut niin kuin tämmöinen ulkopuolinen jolle me oltaisiin onnistuttu tavallaan sitten myymään tämä hanke”.*

39). Previous literature on project or program sustainability has also concurred that diverse funding alleviates any dependencies that the NGO might have on the initial funding (Rentola, 2013), since the more diverse the sources, the more it ensures project sustainability as it reduces dependency (Savaya & Spiro, 2012; Stevens & Peikes, 2006). Finn Church Aid had before the cut already invested in gathering other funding, for which the urge was even more important after the cut:

“We receive funding from the church, which has enabled us to become a bigger organization. We also have been very good at fundraising, so in that sense we have been very efficient.”²⁴

However, the issue with some of the other funding sources regarding the continuity of the NGO’s development activities after the ODA cut, was in the way other donors focused their donations, which influenced the nature of the NGO’s exit strategies, as donors had often very selective funding criteria. This meant that their funding could usually only be directed towards specific activities. Additionally, unlike the government funding that had been a very important source for funds, yet flexible by nature; other sources of funding did not necessarily enable for long term planning.

“The cut was very big and dramatic but we have been able to compensate for it quite well. However, while the money that we received from the Ministry for Foreign Affairs offered longevity in the planning of our activities; other sources of funding are usually for a shorter term and do not enable for long-term planning. While we do have diverse funding sources at the moment depending on the context – UNICEF is one of our partners, ECHO, Act Mechanism,

²⁴ ”Niin kuin tämmöinen muu seurakunta ja muu raha, mitä me saadaan, niin ne on mahdollistanut tavallaan meidän skaalautumisen, että me pystytään ja ollaan tultu paljon isommaksi sen siemenrahan pohjalta... Ja kyllähän me ollaan oltu erittäin hyviä varainhankinnassa. Että siinä mielessä me ollaan tehty tosi hyvää työtä ja tehokkaasti...”

fundes from Canada, as well company funding from Wärtsilä, and so forth; different fundes however have different demands”²⁵.

5.2.1. Summary of analysis Finn Church Aid

The main research question was; *How did alternative sources of funding and partnerships with other development organizations influence the success of Finnish NGOs’ exit strategies in terms of the continuity of their development activities after the abrupt cut of official development assistance, allocated by the government of Finland?*

The way an organization responds to changes in its external environment depends on the extent of resource dependence on a donor and its relationships with other donors or partners (AbouAssi, 2012). When a donor decides to change its funding policies; the NGO dependent on the funding is forced to react to that decision and choose what kind of actions it will take (AbouAssi, 2012:09). The decisions influencing the nature of an exit strategy are determined by the timeframe for the exit as well as the availability of funding and other resources from which the program is departing (Rogers and Macias, 2004: 02). This is what happened with Finn Church Aid, whose timeframe for exit regarding the cut of official development assistance allocated by the government of Finland, was indeed abrupt. Hence, it did not leave the organization much time to find alternative sources of funding to mitigate against the cut, nor to find other development

²⁵ ”Tai siis se leikkaus oli iso ja dramaattinen, ja nämä kaikki lopetukset olivat tosi ikäviä... Mutta että me ollaan pystytty hirmu hyvin kirimään se rahoitusvaje (...) Siis meillä on hyvin kattava tää meidän rahoituspohja tällä hetkellä. Riippuu et just maasta ja kontekstista ja onko se humanitääristä apua... Että UNICEF tuli vaan mieleen, että Keski-Afrikan tasavallassa me ollaan yksi, ellei jopa UNICEFIN pääkumppani koulutus sektorilla. Mutta kyllähän meidän läpi meidän maidenkin, niin meillä on Euroopan komissiolta ja ECHO:lta ja Act Mechanismen kautta (...) Kanadasta... (...)Niitä on niin monenlaista... On ollut yhteistyötä Wärtsilän kanssa ja muutakin ”
Mutta just se (...) kun rahoituslähteet on erilaisia ja vaatimukset on erilaisia ja niillä voidaan rahoittaa erilaisia asioita (...) Että se raha mikä me saatiin UM:ltä oli meille niinku kuitenkin semmoista pitkäjänteisempää rahaa suunniteltu; me tehtiin kuitenkin aina pitkä ohjelma, jota me pystyttiin seuraamaan ja implementoimaan, ja tietäen, että sen, että jatkoa tulee. (...) Verrattuna Ulkoasiainministeriön tukeen, muu raha on kuitenkin lyhytaikaisempaa ja projektiluonteista eikä mahdollista pitkäjänteistä suunnittelua entiseen tapaan”

partners that could take over activities that were affected by the cut. In some cases, such as in Congo, phasing over activities to another development organization was possible, yet relatively rare, as it required having an already existing collaboration with the other organization to which the activity was transferred to; otherwise it would have been too hard to “sell” the project to a new partner.

It has been said that in order to reduce resource dependency from any donor, an NGO must diversify its funding in order to ensure project and program sustainability, as it reduces dependency (Savaya & Spiro, 2012; Stevens & Peikes, 2006); however, the involvement of the initial funder also plays a big role in project continuation (Savaya and Spiro, 2012). From a Resource Dependence Theory perspective, funding should always be complemented by supplementary assistance and never be the main source (AbouAssi, 2012:38-39), as the availability of other resources augments the organization’s autonomy by decreasing its dependence upon the initial source (Cook, 1977). This was however not the case in the project and program continuity of Finn Church Aid after the reduction of official development assistance, since the organization’s dependence on the government funding did not only emerge directly from the lack of funds that the budget cut created, but also from other donors’ power over the continuity of the NGO’s projects, where the funders’ demands and preferences over the activities of the organization partly determined their continuation. Although Finn Church Aid had raised money actively and independently, it was not enough to cover all of the activities previously funded by the government – after all, the ODA had been such a major part of the funding for the activities. Whereas the initial government funding was not only an important, but a flexible source of funding as well, which enabled for long-term project planning; other funders had certain demands, foci or conditionalities over certain development activities and their grants often allowed only for short term funding. Therefore, their funding could not cover all of the previously government-funded activities, which is why some of the activities of the NGO had to be phased down [i.e. reduce the activities and continue them with fewer resources] or phased out [i.e., discontinued]. Thus,

it was mainly the alternative sources of funding that influenced the nature of the Finn Church Aid's exit strategies.

5.3. Fair Trade Finland

The allocation of enough time to adjust to a cut of external funding from a development program is important in terms of sustainability of a development activity after donor exit in order to reduce the dependencies on the initial donor (Rogers&Macias, 2004:21). Fair Trade Finland, however, heard about the cut of official development assistance by the government of Finland around half a year before it was effected due to which, the organization felt it did not have enough time to plan for the exit. The short notice of the cut was according to the representative of Fair Trade: *“extremely difficult as [the organization] had to find additional self-financing very fast in order to maintain the planned activities”*. The cuts meant that the NGO's initial budget for the year 2016 was reduced from 700 000 euros to 417 000 euros, signifying a budget deduction of 283 000 euros.

It has been acknowledged that the involvement of the initial funder plays a big role in the continuation of development activities (Savaya and Spiro, 2012). Thus, when asked about the importance of the initial government funding on the continuity of the NGO's activities; the organization stated that the government funding has indeed been an important source of funding for the NGO, since its *“development cooperation programme [could] not continue without MFA funding”*. The representative continues; *“Without it, we would not be able to generate match funding from other sources”*. Providentially, the Ministry for Foreign Affairs had extended the for the organization's funding for the current program until the end of 2017, with the same reduced funding level as the 2016 budget.

From a Resource Dependence Theory perspective; an organization's operational continuation in a resource dependent environment is influenced by the forming of partnerships with other organizations (Hillman et al., 2009), and regarding the sustainability of development activities; partnerships with other development organization can provide an NGO the support it needs in order to sustain its

activities after donor exit (Stevens and Peikes, 2006; Savaya, 2009). Therefore, when asked about the importance of partnerships with other development organizations in the sustaining of Fair Trade's activities after the ODA cut; they did not really contribute to the continuity of the activities of the organization, as they *“already cooperated with several organizations, but there was no need for additional teaming up because of the funding cuts”*.

From an RDT perspective, it is additionally diverse sources of funding that contribute to the sustaining of an organization's operations (Pfeffer and Salancik, 1978). Previous research on the sustainability of an NGO's operations after donor exit also concurs that diverse funding alleviates any dependencies that the NGO might have on the initial funding (Rentola, 2013; Savaya & Spiro, 2012; Stevens & Peikes, 2006). When it comes to the organization's exit strategy after the ODA cut; the organization managed to continue all of its development activities in the South at full-capacity. This was through self-regulation, i.e. having resource-strategies to mitigate against the dependency on the initial source of funding (Bies, 2010), which meant *“filling the funding gap with additional fundraising”*. The representative of the organization enlightens;

*“We were able to sustain the funding levels of all projects in the South”.
Funds to compensate for the gap in government funding were acquired from companies selling Fairtrade certified products, other donor organizations and other Fairtrade organizations”*

The organization, however, did have to cancel some planned activities in Finland in order to fulfil their commitments to the partners in the South.

Whereas the emphasis of Resource Dependence Theory is on proactive strategies that deal with environmental constraints (Bies, 2010:1067) and the gathering and maintenance of resources that ensure the survival of the organization's operations in an uncertain environment (Burger and Owens: 2012:1287); the organization's early strategies to mitigate the dependency on the initial source of funding being the government of Finland, meant that the ODA gap was able to be filled much easier:

“Before the funding cuts, our plan was to expand our programme with additional self-finance. The expansion was not possible, as we had to start finding self-finance to maintain the existing projects instead of expanding. In our case, our plan to grow the programme with additional self-finance helped us to fill the funding gap. Since we already had plans to find additional funding, it was easier for us to adapt into the new situation”.

5.3.1 Summary of analysis – Fair Trade Finland

Like Save the Children and Finn Church Aid; Fair Trade was also affected by the ODA cut, as it did not have much time to prepare for the exit. The main research question was: *“How did alternative sources of funding and partnerships with other development organizations influence the success of Finnish NGOs’ exit strategies in terms of the continuity of their development activities after the abrupt cut of official development assistance, allocated by the government of Finland?”*

Whereas sustainability refers to the continuation of a development activity within an organization (Shediac-Rizkallah and Bone, 1998) and the success of an exit strategy is determined by whether the development activity is continued in the same and modified format (Gardner et al., 2005); Fair Trade indeed managed to have a successful exit strategy by managing to sustain its development activities in the South at full capacity, although some of its initially planned activities in Finland had to be put on hold. It has been said that the involvement of the initial funder plays a big role in project continuation (Savaya and Spiro, 2012), regarding to which, the NGO acknowledged that its development cooperation program could not even continue without funding from the Finnish government. Thus, it was important regarding the continuity of Fair Trade’s activities with a lower level of funding that the NGO had early on attempted to become self-regulatory (i.e. securing the continuity of its operations by pursuing resource strategies that mitigate dependence-relationships and environmental uncertainty (Bies, 2010:1066). This was done prior the ODA cut, when the NGO had had plans *to expand its program with additional self-finance, which is why they adapted easier to the new lower level of funding.* Although Resource Dependence Theory stresses

both the importance of partnerships and diverse sources of funding that contribute to the sustaining of an organization’s operations, which previous literature on sustainability after donor exit agrees with; it was not partnerships with other development organizations that helped Fair Trade to continue its activities after the ODA cut, but its diverse sources of funding. These were acquired from companies selling Fairtrade certified products, other donor organizations and other Fairtrade organizations, which helped to compensate for the gap that the cut in the government of Finland’s official development assistance allocation had created.

5.4. Discussion – cross-case comparison of findings

Now that the cases were first individually analyzed; the cases are now compared against each other to see, what kind of exit strategies the three Finnish NGOs had after the ODA cut, whether those exit strategies were successful, and how partnerships with other development organizations and diverse sources of funding influenced the nature of their exit strategies.

5.4.1. Comparative table of findings

SUSTAINABILITY OF NGOACTIVITIES IN 2016 AFTER ODA CUT			
Name of NGO	Save the Children	Finn Church Aid	Fair Trade
FUNDING			
Reduced amount from MFA budget compared to previous year €	2 230 000	4 940 000	283 000
Percentual amount of reduction	43%	37%	40%
Sources of other funding	-Fundraising; -Corporate funding; -Will donation: -Existing “leftover-budget” funding reserves; -Donor agencies.	-Donor agencies; -Corporate funding; -Fundraising; -Church donations.	-Fairtrade company profits; -Donor agencies; -Other Fairtrade organizations.

PROJECT AND PROGRAM CONTINUATION AFTER THE ODA CUT			
Discontinued projects (phase-out)	NO	YES	NO
Reduced activities (phase-down)	NO	YES	NO
Turning the project over to another development organization (Phase-over)	NO	YES	NO
Cancellation of initially planned but not yet started activities	YES	YES	YES
Continuation of all of their on-going activities (self-regulation)	YES	NO	YES
Main reasons determining the type of exit strategies used	-Early planning for raising funds before the cut to not be so dependent on MFA funding; -Unconditional funding sources (will donation, fundraising-campaign); -Already existing funding reserves.	-Timeframe for exit; -Demands of other donors; -High dependency-level on the government funding; -Tight collaboration with certain partner organizations that could take over the projects.	-Early planning for additional self-financing; -Funding sources that already promote the organization's agenda (as in Fair Trade).
OTHER			
Sufficient timeframe for donor exit	NO	NO	NO

Whereas exit refers to a withdrawal of externally provided resources from a development activity (Gardner et al., 2005:06); the cut of the official development

assistance allocation by the government of Finland towards Finnish NGOs' development projects and programs was seen as an abrupt exit (Kepa, 2016) due to a sudden shift in the country's development policy (Engels, 2010). If a development activity is financed by external funding that is abruptly cut; the allocation of enough time to adjust to the withdrawal of external funding is important in terms of program and project sustainability after donor exit, so that dependencies on the initial donor would be reduced (Rogers&Macias, 2004:21). The decisions influencing the nature of the exit are determined by the timeframe for the exit as well as the availability of funding and other resources from which the program is departing (Rogers and Macias, 2004: 02). Although ideally the timeframe for the program should also allow a feasible exit strategy (Rogers & Macias, 2004:02); the consensus of the Finnish NGOs was that they did not have enough time for the exit, meaning for the partial withdrawal of government funding from their development activities.

While the sustainability of a development project or program is attained when the activity is continued within an organization (Shediac-Rizkallah & Bone, 1998); an exit strategy is successful when *the relevant activities are continued in the same or modified format* (Gardner et al., 2005:12). Since this research studied what kind of exit strategies Finnish NGOs had after the abrupt ODA cut by the government of Finland and how did partnerships with other development organizations and diverse sources of funding influence the nature of those exit strategies; the first aim was to find out whether the NGOs had phased down, phased over or phased out their development activities (Gardner et al., 2005) or whether they were able to become self-regulatory and secure the continuity of all of their activities (Bies, 2010)

Whereas Save the Children Finland, Finn Church Aid and Fair Trade had released different statements in the media back in 2015 regarding their predictions about their abilities to continue their development activities before the ODA cut was effected; their predictions had somewhat reflected the nature of their exit strategies. Save the Children Finland had announced that its mission was going to

be to complete the last year of its three-year program if it managed to raise enough funds in order to cover for the expenses (Laakso, 2015). Finn Church Aid had announced that the cut would probably have had a dramatic impact on its work (Gotev, 2015). Fair Trade Finland had declared it was going to try to sustain its operations by gathering funds outside of the government funding (Laakso, 2015).

Although all of these NGOs were forced to cancel some of their initially planned but not yet initiated activities; Save the Children and Fair Trade both managed to continue all of their on-going activities after the ODA cut by becoming self-regulatory (i.e. securing the continuity of their activities by pursuing resource-strategies that mitigated their dependence on the government funding (Bies, 2010). From the Resource Dependence Theory perspective (Pfeffer and Salancik, 1978), concurring with previous literature on project or program sustainability after donor exit (Savaya & Spiro, 2012; Stevens & Peikes, 2006 among others); diverse sources of funding contribute to the continuity of an organization's operations by alleviating any type of dependence-relations. Having managed to become self-regulatory; these two NGOs prior the ODA cut had already planned for raising additional funds to either increase their funding reserves to not be so dependent on the government funding (Save the Children) or for expanding their program with additional self-finance (Fair Trade). Thus, since both of these organizations had already reserves of funds collected; these additional funds helped them to fill the ODA gap and adapt to the lower level of funding. These two organizations also had other sources of funding that compensated well for the Finnish official development assistance that is flexible by nature. Save the Children had acquired additional funds from fundraising-campaigns and a will donation, which helped to fill out the ODA gap, while Fair Trade received funds from Fair-Trade company profits and other Fair-Trade organizations, whose funding fit well its agenda (as in the promotion of Fair Trade).

Finn Church Aid however, who had also been raising funds actively, did not manage to continue all of its activities and had to either phase-down or phase-out

some of its activities. This was because while its active fundraising had enabled to compensate for the funding gap caused by the ODA cut to an extent; the timeframe for the exit was too fast in order to find other funders, the organization had a high dependency-level on the government funding and it had donors whose demands did not fit all of its activities. Therefore, whereas the government of Finland's official development assistance had been an important source of funding (Kepa, 2016) with very little conditionalities (Onali, 2005); Finn Church Aid's other sources of funding came with conditionalities and did not enable to use their funds as flexibly as the government funding did; which is why the NGO had to reduce and discontinue some of their activities, to which it could not get funding from other sources.

When it came to partnerships with other organizations in sustaining an NGO's operations in a resource dependent environment; from a Resource Dependence perspective, partnerships are useful for compensating resource dependence (Hillman et al., 2009), while previous research asserts that an NGO's partnerships with other development organizations after donor exit could continue project-promoted practices (Rogers and Coates, 2016), offer support in sustaining programs (Stevens and Peikes, 2006:159), or in some instances take over development activities if possible and necessary (Savaya, 2009:191). Partnerships with other development organizations did not however play much of a role in the sustaining of the three Finnish NGOs' development activities after the ODA cut by the government of Finland. Since Fair Trade Finland and Save the Children Finland were able to continue all of their on-going activities after the ODA cut, there was no need for them for additional teaming up with other partners. Finn Church Aid however managed to phase-over a few of their activities to other development organizations whom they collaborated tightly with; although this was a rare instance, as selling projects outside of the collaboration would have been, according to the organization, very hard.

6. Conclusion

This research was a structured, focused comparison of three Finnish NGOs that were affected by the government of Finland's decision to lower its official development assistance allocation in 2016 by 43% due to a shift in the government's development policy. These NGOs were Save the Children Finland, Finn Church Aid and Fair Trade Finland, who are all partner organizations with the Ministry for Foreign Affairs of Finland in the Finnish development cooperation and had signed a petition against the cut before it was effected, yet had failed to turn the government's decision around.

While previous quantitative studies had not allowed to explain why some social programs survive compared to others (Stevens and Peikes, 2006) or identify the reasons behind project or program discontinuation in the non-profit sector (Savaya and Spiro, 2012); this research with the use of qualitative inquiry had the objective to find out how these three NGOs were able to continue their development activities after the abrupt ODA cut in 2016 and how certain factors influenced the continuation of their development programs and projects after it. The comparison had been done on the premise that each of these NGOs had released different statements in the media back in 2015 before the cut was effected, about their prospects to be able to continue their activities after the cut – ranging from more positive to quite negative, which provided an opportunity for their comparison to see why some NGOs were more successful than others in sustaining their development activities after the cut of official development assistance allocated by the government of Finland.

Whereas prior research on NGOs' strategies against a shift in donor funding had been done from a principle-agent perspective (AbouAssi, 2012); the aim of this research was to find out kind of factors influenced the success of Finnish NGOs' strategies to continue their development activities after the shift in government funding, which had been an important source of funding (Kepa, 2016), yet had very little conditionalities (Onali, 2005). Gardner and al. had suggested that a study on project or program sustainability after donor exit should be conducted

after a period of time has passed from the donor exit (2005: 12) and therefore, this research was conducted 1,5 years after the cut was effected. The research objective was important in a way, that whereas development experts had been worried about how Finnish NGOs would survive such a harsh budget cut (Gotev, 2015); previous research on the ODA cut's impact on Finnish NGOs' work (Kepa, 2016) and how Finnish NGOs strategized to mitigate against it (Muthami, 2016) had not managed to find out what happened to Finnish NGOs' development activities after the ODA cut, how they managed to adapt to the lower level of funding and what factors influenced the success of their exit strategies due to time constraints. Thus, using Resource Dependence Theory (Hillman et al, 2009; Pfeffer and Salancik, 1978) in accordance with previous studies on program and project sustainability after donor exit (Savaya, 2009; Savaya & Spiro, 2012; Stevens & Peikes, 2006 among others) suggesting that partnerships with other organizations and diverse sources of funding contribute to the sustaining of an organization's operations in a resource-dependent environment; this research asked and answered the following question:

“How did alternative sources of funding and partnerships with other development organizations influence the success of Finnish NGOs' exit strategies in terms of the continuity of their development activities after the abrupt cut of official development assistance, allocated by the government of Finland?”

The research found out it was the early planning to gather and diversify funds outside of the official development assistance before its cut was even effected, that contributed to the success of certain Finnish NGOs' exit strategies in terms of being able to sustain all of their development activities after the ODA cut. Having managed to become self-regulatory through resource-strategies that mitigated their dependence on the initial government donor (Bies, 2010); they secured the continuity of their activities even with a lowered level of official development assistance. Another observation was that the organizations' diverse sources of funding that did not entail any conditionalities and fit their agenda, enabled for the continuation of their development activities after the ODA cut, while an

organization who had diverse funding sources that came with certain foci or conditionalities related to the organization's activities was not as successful in the continuation of all of its activities after the ODA cut. Partnerships did not play a major role in sustaining development activities after the reduction of the government's official development assistance allocation, since phasing-over development projects to other development organizations when needed, turned out to be quite hard, as it was difficult to find other organizations outside of the activity to whom certain projects could be "sold".

6.1. Suggestions for future research

Studying how NGOs compensate for an important funding source with very little conditionalities has a lot of opportunities for future research. Due to constraints in time and the word-count regarding this research; the scope of the study was only limited to how partnerships and other sources of funding influence the continuity of NGOs' development programs and projects after a cut in official development assistance; however, there are other factors that could also influence the continuity of the NGOs' activities, which this research could not take into account due to delimitations.

Previous research has stated that the continuity of an NGO's operations also depends on the *capacity* of the organization (Amazigo et al 2007; Engels 2010; Johnson et al, 2004; Rentola, 2013; Rogers and Coates, 2016; Savaya et Spiro, 2012; Savaya, Spiro and Elran-Barak, 2008; Shediak-Rizkallah & Bone, 1998). This concurs with the theory on organizational ecology (Baum and Amburgey, 2005), which has alongside Resource Dependence Theory (Pfeffer and Salancik, 1978) been the mostly cited organizational theory when researching the continuity of NGOs' operations (Burger & Owens, 2012:1287). The theory postulates that it is the organization's innate characteristics that affect the continuity of an NGO's operations, (Burger & Owens, 2012:1287), such as the organization's size, which is why there is some indication on the 'liability of smallness' of an organization (Burger & Owens, 2012: 1287). The liability of smallness suggests that smaller organizations might have a harder time to secure funding in order to sustain their

activities (ibid, 1288), as for example the visibility and renowned reputation of an NGO has seen to attract donations much easier (Onali, 2005: 23), which is why it has been claimed that smaller non-governmental organizations in Finland might have been hit harder from the recent ODA cut (Kepa, 2016). Thus, controlling for the organization's size being the determinant factor for project or program sustainability of Finnish NGOs after the ODA cut through the comparison of different-sized NGOs and research NGOs' project continuation after the ODA cut using a different theoretical perspective (organizational ecology), could be interesting for future research.

Furthermore, as this research strictly limited to ODA allocation towards the development projects and programs of Finnish Civil Society organizations, and did not focus on the effects of the ODA cut on multilateral, bilateral or humanitarian aid; future research could study the effect of the abrupt cut of official development assistance allocated by the government of Finland on other types of activities than the development projects and programs of Finnish civil society organizations.

Thirdly, this research focused only on the immediate sustainability of NGOs' projects and programs after the ODA cut and not on their long-term continuity. In previous literature on exit strategies and donor exit; it was said that donor exits can overall range from positive to disastrous, depending on the way they are executed; having either a positive outcome in boosting local ownership and the ability to carry on the activities that were initially started with the help of the donor (Heldgaar, 2008:07), or an adverse impact on development if the program and its recipients are still aid-dependent at the time of the exit especially if the donor withdraws its aid too abruptly (Heldgaar, 2008:07). Whereas it was previously mentioned that the ownership of the development activities and the responsibility for their implementation is one of the local organizations in the developing countries regarding the Finnish civil society's development cooperation, and the role of Finnish NGOs is to mainly provide for technical support (Ministry for Foreign Affairs, 2013:04); studying what happened to

phased-over or phased-out activities in the developing countries, when they were still needed at the time of the exit, could be one possibility for future research.

Finally, other similar donors to Finland –Denmark and the Netherlands – who also decided to lower their official development assistance, left their civil societies equally concerned about the impact of their governments' ODA cuts on the work of their non-governmental organizations (theLocal.dk, 2015a; theLocal.dk, 2015b; Ravelo, 2015; Trimmel, 2015). Thus, researching an ODA cut's effects from the standpoint of “Nordic Aid Exceptionalism” in Denmark or the Netherlands and how partnerships with other development organizations and diverse sources of funding influenced the continuity of Dutch or Danish NGOs' activities after the cut of official development assistance by the Dutch or Danish government is also suggested for future research.

7. References

- AbouAssi K. (2012). NGOs“ Hands in donors“ pocket: what happens when donors move. How NGOs react to shift in donor funding? *Nonprofit and voluntary sector quarterly*, 42 (3): 584-602
- Aldrich, H. E. (1979): *Organizations and Environments*. Englewood Cliffs, NJ: Prentice–Hall in Baum & Amburgey, 2005.
- Amazigo, U., J. Okeibunor, V. Matovu, H. Zouré, J. Bump, and A. Seketeli (2007). Performance of predictors: Evaluating sustainability in community-directed treatment projects of the African programme for onchocerciasis control. *Social Science and Medicine* 64:2070-82
- Anders, M. (2015). Norway diverting aid to cover refugees: Robbing Peter to pay Paul? [online] Devex. Available at: <https://www.devex.com/news/norway-diverting-aid-to-cover-refugees-robbing-peter-to-pay-paul-87252> [Accessed 22 Mar. 2017].

Barbière, C. and Jacobsen, H. (2015). Commission laments EU development aid cuts. [online] EURACTIV.com. Available at: <https://www.euractiv.com/section/development-policy/news/commission-laments-eu-development-aid-cuts/> [Accessed 22 Mar. 2017].

Baum, Joel A. C. and Amburgey, Terry L. (2005) "Organizational Ecology." *The Blackwell Companion to Organizations*. Edited by Joel A. C. Baum. Blackwell Publishing. Blackwell Reference Online. Available at: http://www.blackwellreference.com.ludwig.lub.lu.se/subscriber/tocnode.html?id=g9780631216940_chunk_g978063121694018. [Accessed 15 June 2017].

Bies, A. (2010). Evolution of Nonprofit Self-Regulation in Europe. *Nonprofit and Voluntary Sector Quarterly*, 39(6), pp.1057-1086.

Bracht, N., J.R. Finnegan, Jr., C. Rissel, R. Weisbrod, J. Gleason, J. Corbett, and S. Veblen-Mortenson (1994). Community ownership and program continuation following a health demonstration project. *Health Education Research, Theory and Practice* 9:243-55.

Birbili, M., (2000). Translating from one language into another. *Social Research Update*. University of Surrey. Available from: <http://sru.soc.surrey.ac.uk/SRU31.html>.

Bryman, A., (2004). *Quantity and quality in social research*, Routledge, London.

Burger, R. & Owens, T. (2011). Receive Grants or Perish? The Survival Prospects of African Nongovernmental Organisations. *CREDIT Research Paper*11/ 07

Campbell, D. T. (1965): "Variation and selective retention in socio-cultural evolution," in H. R. Barringer, G. I. Blanksten, and R. W. Mack (eds), *Social Change in Developing Areas: A Reinterpretation of Evolutionary Theory*, Cambridge, MA: Schenkman, 19–48.
in Baum & Amburgey, 2005.

Carroll, Glenn R. (1984). Organizational Ecology. *Annual Review of Sociology*, Vol. 10, pp. 71-93.

Cassell, C and Symon, G (2004.). "Promoting New Research Practices in Organizational Research". *Essential guide to qualitative methods in organizational research*. 1st ed. London: SAGE.

Cook KS (1977). Exchange and Power in Networks of Interorganizational Relations. *The Sociological Quarterly*, 18: 62-82.

Creswell JW (2002). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches* (2d edition). Thousand Oaks, CA: Sage Publications

Creswell, J. W., 1998. *Qualitative inquiry and research design: choosing among five traditions*, Thousand Oaks, CA: Sage Publications.

Davies, M & Hughes, N., (2014). *Doing a Successful Research Project using Qualitative or Quantitative Method*. Macmillan Palgrave, London.

Denzin, Norman K, and Yvonna S Lincoln, (1998). *The Landscape Of Qualitative Research*. 1st ed. Thousand Oaks, Calif. [u.a.]: Sage Publications. Print.

Denzin, N. K., & Lincoln, Y. S., (2000). Introduction. In N. K. Denzin, & Y. S. Lincoln (Eds.), *Handbook of qualitative research*, 2nd Edit. Thousand Oaks, CA: Sage Publications.

De Vos, Manola (2015) "A First Glimpse into Finland's Aid Cuts". *Devex*. Web. 22 Mar. 2017. <https://www.devex.com/news/a-first-glimpse-into-finland-s-aid-cuts-86381>

Ebrahim A (2003b). Making Sense of Accountability: Conceptual Perspectives for Northern and Southern Nonprofits. *Nonprofit Management & Leadership*, 14(2): 191-212

Elgström, Ole, and Sarah Delputte. "An End to Nordic Exceptionalism? Europeanisation And Nordic Development Policies". *European Politics and Society* 17.1 (2015): 28-41. Web. 13 May 2017.

Engels, J. E. (2010). *Aid project exit strategies: building strong sustainable institutions*. PhD thesis, Arts - School of Philosophy, Anthropology and Social Inquiry, The University of Melbourne. Available at. https://minerva-access.unimelb.edu.au/bitstream/handle/11343/35402/256354_Aid%20Project%20Exit%20Strategies--

Building%20strong%20sustainable%20institutions.pdf?sequence=1 [Accessed 14 April 2017].

Fair Trade Finland (2016). EVALUATION OF THE PROGRAMME-BASED SUPPORT THROUGH FINNISH CIVIL SOCIETY ORGANIZATION. [online] Ministry for Foreign Affairs of Finland 2016. Available at: <http://formin.finland.fi/developmentpolicy/evaluations> [Accessed 19 May 2017].

Fair Trade Finland (2015) “Development Cooperation Programme Annual Report 2015”. Print.

Fair Trade “Kehitysyhteistyötä Latinalaisessa Amerikassa ja Karibian Alueella” (My own translation: Development Cooperation in Latin America and the Caribbean) Web. <http://www.reilukauppa.fi/kehitysyhteistyota/> [Accessed 4 May 2017]

Finn Church Aid (2013). “Finn Church Aid’s Annual Partnership Agreement – Annual Report 2013”. Print.

Finn Church Aid. “Our work - Finn Church Aid”. [online] Available at: <https://www.kirkonulkomaanapu.fi/en/work/> [Accessed 19 May 2017].

Finn Church Aid (a), “Yritysyhteistyö” (My own translation: Cooperation with firms) Web. <https://www.kirkonulkomaanapu.fi/lahjoita/yritysyhteistyo/>. [Accessed 16 May 2017]

Galletta, Anne (2013). Mastering the Semi-Structured Interview and Beyond: From Research Design to Analysis and Publication (Qualitative Studies in Psychology). NYU Press. Kindle Edition.

Gardner, Greenblott & Joubert. (2005). What We Know About Exit Strategies – Practical Guidance for Developing Exit Strategies In The Field. 1st ed. C-Safe. Web. 22 Mar. 2017.

George, A. and Bennett, A. (2005). Case studies and theory development in the social sciences. 1st ed. Cambridge, Mass. [u.a.]: MIT Press.

Gotev, G. (2015). Finland slashes development aid by 43% amid fears others may follow. The Guardian. [online] Available at:

<https://www.theguardian.com/globaldevelopment/2015/jun/11/finland-slashes-development-aid-cuts-43-ngo>. [Accessed 3 Nov.2016].

Gotev, Georgi (2015a). "Finland Slashes Development Aid By 43%". EURACTIV.com. Available at: <http://www.euractiv.com/section/development-policy/news/finland-slashes-development-aid-by-43/>. [Accessed 7 May 2017].

Guba, E. G., & Lincoln, Y. S. (1994). Competing paradigms in qualitative research. In N. K. Denzin & Y. S. Lincoln (Eds.), *Handbook of qualitative research* (pp. 105-117). Thousand Oaks, CA: Sage.

Hanson, H., Salmoni, A., & Volpe, R. (2009). Defining program sustainability: Differing views of stakeholders. *Canadian Journal of Public Health*, 100, 304-309. Web. 5 May 2017.

Hartley, Jean (2004) "Case study research". In Cassell, C and Symon, G (Eds.), *Essential guide to qualitative methods in organizational research* (pp.323-333). 1st ed. London: SAGE.

Heldgaard, Jesper, (2008). "Managing Aid Exit and Transformation - Summary Of A Joint Donor Evaluation". Available at: <https://www.oecd.org/derec/norway/42208151.pdf> [Accessed 22 Apr. 2017].

Hesse-Biber, S. and Leavy, P. (2011). *The practice of qualitative research*. 2nd ed. Los Angeles: SAGE.

Hiilamo, E. (2015). Maailmalla huolestuttiin Suomen suunnasta: "Kyseessä on U-käännös". (My translation: The world became worried about the headed direction of Finland. "A complete U-turn". [online] mtv.fi. Available at: <http://www.mtv.fi/uutiset/kotimaa/artikkeli/maailmalla-huolestuttiin-suomen-suunnasta-kyseessa-on-u-kaannos/5182404> [Accessed 13 May 2017].

Hillman A., Withers M., Collins B., 2009, Resource dependence theory; A review, *journal of management*, 2009 vol. 35

Hirschman A (1970) 'Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States' in AbouAssi (2013).

Hudock, A. (1995). Sustaining Southern NGOs in resource-dependent environments. *Journal of International Development*, 7(4), pp.653-667.

Johnson, K., Hays, C., Center, H., Daley, C. (2004). Building Capacity And Sustainable Prevention Innovations: A Sustainability Planning Model. *Evaluation and Program Planning* 27.2. pp. 135-149. Web. 5 May 2017.

King, Nigel (2004) "Using interviews in qualitative research". In Cassell, C and Symon, G (Eds.), *Essential guide to qualitative methods in organizational research* (pp.11-22). 1st ed. London: SAGE.

Kepa (2016). "Vähemmällä vähemmän – Miten kehitysyhteistyömäärärahojen leikkaukset ovat vaikuttaneet kansalaisjärjestöjen työhön"? Kepan taustaselvitykset 44, 2016. (My translation: Less is less- How budget cuts of development aid allocation have affected the work of civil society? A Keva evaluation. [online] Keva Ry. Available at: https://www.kepa.fi/sites/kepa.fi/tiedostot/julkaisut/kepa-vahemmalla-vahemman_0.pdf [Accessed 17 May 2017].

Gilgun, Jane (2011). "Coding in Deductive Qualitative Analysis". Pp. 1-28. Amazon Digital Services LLC. Kindle Edition.

Koponen, Juhani & Seppänen, Maaria (2007). Kehitysyhteistyön monet kasvot. Teoksessa Koponen, Juhani & Lanki, Jari & Kervinen, Anna (toim.): Kehitysmatutkimus. Johdatus perusteisiin. Gaudeamus, Helsinki. Cited in Rentola, 2013:14.

Kvale, S., 2007, Doing Interviews. In SAGE Research Methods, Thousand Oaks, London.

Laakso, T. (2015). "Kehitysyhteistyötä ajetaan alas Suomen leikkausten seurauksena ympäri maailman". (My translation: Finnish development aid is slashed across the globe). Maailma.net. Available at: http://www.maailma.net/artikkelit/kehitysyhteistyota_ajetaan_alas_suomen_leikkausten_seurauksena_ympari_maailman [Accessed 22 Mar. 2017].

Laakso, T. (2017). "Suomi viime vuonna suurimpia kehitysavun leikkaajia". (My translation: Finland as one of the biggest slicers of development assistance last year). Available at: <http://www.maailma.net/uutiset/suomi-viime-vuonna-suurimpia-kehitysavun-leikkaajia> [Accessed 21 April 2017]

Lewis D (2001). *The Management of Non-Governmental Development Organizations*. New York, NY: Routledge.

Lewis, D. and Kanji, N. (2009). *Non-governmental organizations and development*. London: Routledge.

Lovarini, Meryl Patricia (2012). Sustainability of a community-based falls prevention program: A Grounded Theory. PhD. University of Sydney.
Available at. <https://ses.library.usyd.edu.au/bitstream/2123/8044/1/mp-lovarini-2012-thesis.pdf> [Accessed May 04, 2017].

Maxwell, J. (2012). *Qualitative research design*. 3rd ed. Thousand Oaks, Calif.: SAGE Publications.

Miles, MB. & Huberman, AM. (1994). *Qualitative Data Analysis* (2nd edition). P.18. Thousand Oaks, CA: Sage Publications cited in Maxwell, 2012 p. 39.

Ministry for Foreign Affairs of Finland (a); Goals and principles of Finland's development policy Available at:
<http://formin.finland.fi/public/default.aspx?nodeid=49312&contentlan=2&culture=en-US#Four> [Accessed 22 Mar. 2017].

Ministry for Foreign Affairs of Finland (b). 'Development cooperation appropriations'. Available at:
<http://formin.finland.fi/public/default.aspx?nodeid=49314&contentlan=2&culture=e> [Accessed 22 Mar. 2017].

Ministry for Foreign Affairs of Finland (c) "Ulkoministeriön myöntämien valtionavustusten käyttöä koskevat yleisehdot ja hanketuen lisäehdot". (My own translation: "General terms and conditions for the use of funds granted by the Foreign Ministry and additional terms for project funding"). Document available at: <http://formin.finland.fi/public/default.aspx?nodeid=49327> [Accessed 30 April 2017].

Ministry for Foreign Affairs of Finland (d) "The civil society: an important actor and development cooperation partner". Available at:
<http://formin.finland.fi/public/default.aspx?nodeid=49322&contentlan=2&culture=enUS#The%20Ministry%20for%20Foreign%20Affairs%20supports%20both%20big%20and%20small%20NGOs> [Accessed 30 April 2017].

Ministry for Foreign Affairs (2016), "Hanketuen ehtoja täydentävä ohjeistus". (My own translation: Guidelines supplementing the terms of the grant agreement for development projects). Print.

Ministry for Foreign Affairs of Finland, (2015a). Breakdown of Finnish development aid cuts further specified. Ministry for Foreign Affairs of Finland. Available at:
<http://formin.finland.fi/public/default.aspx?contentid=335771&nodeid=15145&contentlan=2&culture=en-US> [Accessed 22 Mar. 2017].

Ministry for Foreign Affairs of Finland (2015b). "Ministry for Foreign Affairs 2016 budget proposal" [online] Available at:
<http://formin.finland.fi/public/default.aspx?contentid=334763&nodeid=15145&contentlan=2&culture=en-US> [Accessed 22 Mar. 2017].

Ministry for Foreign Affairs (2013) "Development Cooperation – Save the Children Finland" Available at:
<http://formin.finland.fi/public/default.aspx?contentid=295617&nodeid=43283&contentlan=2&culture=en-US> [Accessed 06 June 2017].

Ministry for Foreign Affairs (2013): "Kumppanuusjärjestöjen ohjelmatuen ohjeet". (My own translation: Guidelines for development programs of partner organizations).

Ministry for Foreign Affairs of Finland (2012); Kansalaisjärjestöjen kehitysyhteistyö –Hanketuen ohjeistus," Hanketuen käsikirja". (My translation: The cooperation between NGO –A guidebook of development aid). Print.

Morgan, S.J. and Symon, G (2004) "Electronic interviews in organizational research". In Cassell, C and Symon, G (Eds.), *Essential guide to qualitative methods in organizational research* (pp.23-33). 1st ed. London: SAGE.

Muthami, Kilonzo David. "The changing landscape of development cooperation in Finland following the development aid budget: environmental NGO partnerships, strategies and work". Master's Thesis. University of Jyväskylä, 2016. Available at:
<https://jyx.jyu.fi/dspace/bitstream/handle/123456789/51090/URN%3aNBN%3afi%3ajyu-201608263888.pdf?sequence=1> [Accessed 27 April 2017].

Navarro-Flores, Olga. "Organizing by Projects: A Strategy For Local Development – The Case Of NGOs in a Developing Country". (2011) *Project Management Journal* 42.6. pp. 48-59. Web. 22 Apr. 2017.

Olsen, G. R. (2013) The European Union's Africa policy: The result of Nordicization or Europeanization? *Journal of European Integration*, 35(4), pp. 409–424.

Odén, B. (2011) *The Africa Policies of Nordic Countries and the Erosion of the Nordic Aid Model. A Comparative Study* (Uppsala: Nordiska Afrikainstitutet).

OECD "Official Development Assistance – Definition and Coverage" Available at:

<http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm> [Accessed 20 Apr. 2017].

OECD (2016). Denmark is a top aid donor but reduced budget and refugee costs pose risks. [online] Available at: <http://www.oecd.org/newsroom/denmark-is-a-top-aid-donor-but-reduced-budget-and-refugee-costs-pose-risks.htm> [Accessed 13 May 2017].

Oller SD (2006). Power Relations in the Financial Aid Chain. *Development*, 49(2): 34-39. Cited in AbouAssi, 2013: 33

Onali, Anja (2005). *Kansalaisjärjestöjen kehitysyhteistyön rahoitus – Renki vai isäntä?* in Hakkarainen, Outi & Onali, Anja (ed.) *Suomi ja köyhdytetyt. Kehitysmaliike vuosituhaten vaihteessa.* (My translation: "Funding of civil society organizations – The servant or the master?") Helsinki: Like. Print.

Pfeffer, Jeffrey & Salancik, Gerald (1987). *The external control of organizations: A resource dependence perspective.* New York: Harper and Row.

Ravelo, J. (2015). Dutch NGOs make harsh, 'emotional' decisions to survive billion-dollar budget cuts. [online] Devex. Available at: <https://www.devex.com/news/dutch-ngos-make-harsh-emotional-decisions-to-survive-billion-dollar-budget-cuts-87071> [Accessed 13 May 2017].

Riddell, Roger C. (2007). *Does Foreign Aid Really Work?* Oxford University Press, New York. Cited in Rentola, 2013:14.

Rentola, Joonas Ilmari (2013). "Kansalaisjärjestöt Suomen Kehitysyhteistyössä- Ulkoasiainministeriön Hanketuen Vaikutus Kansalaisjärjestöjen Selviämiseen, Case Study V. 2001-2010. (My translation: Non-Governmental Organizations in Finnish Development Cooperation- The Impact of The Finnish Foreign Ministry's Development Aid on The Survival of Non-Governmental Organizations, Case Study 2001-2010)". Master's thesis. University of Helsinki.

Rogers, B. and Macias, K. (2004). Program Graduation and Exit Strategies: A Focus on Title II Food Aid Development Programs, FANTA Technical Note No. 9, November 2004.

Rogers, B. and Macias, K.(2004a). Program Graduation and Exit Strategies: Title II Program Experiences and Related Research, FANTA, April 2004.

Rogers, Beatrice, and Jennifer Coates (2017). Sustaining Development: A Synthesis Of Results From A Four-Country Study Of Sustainability And Exit Strategies Among Development Food Assistance Projects. 1st ed. School of Nutrition Science and Policy at Tufts University. Web. 22 Mar. 2017.

Sadof, M.D., K.A. Boschert, S.J. Brandt, and A.P. Motyl (2006). An analysis of predictors of sustainability efforts at the Inner-City Asthma Intervention sites: After the funding is gone. *Annals of Allergy, Asthma and Immunology* 97:31-35.

Salamon, Lester (1999). 'The Nonprofit sector at a crossroad: The case of America, international society of third sector research,' vol.10, No.1. Web. 6 May 2017.

Savaya, R., G. Elsworth, and Patricia Rogers (2009). Projected Sustainability of Innovative Social Programs". *Evaluation Review* 33.2 :189-205. Web. 6 May 2017.

Savaya, Riki, and Shimon E. Spiro (2012). Predictors of Sustainability of Social Programs. *American Journal of Evaluation* 33.1 (2012): 26-43. Web. 5 May 2017.

Savaya, Riki, Shimon Spiro, and Roni Elran-Barak (2008) Sustainability of Social Programs". *American Journal of Evaluation* 29.4: 478-493. Web. 6 May 2017.

Save the Children. "Who We Are • Pelastakaa Lapset Ry". Pelastakaa Lapset ry. Available at: <https://www.pelastakaalapset.fi/en/about-us/who-we-are/>. Web. 19 May 2017.

Selbervik, Hilde Beate, and Knut Nygaard (2006) *Nordic Exceptionalism in Development Assistance?* 1st ed. Bergen: Chr. Michelsen Institute, 2006. Print.

Seppo, Maija (2013), *Finnish Civil Society Now, its operating environment, state and status*, KEPA's working papers 39, 2012, ISBN 978-952-200-209-9

Shediac-Rizkallah, M. C., and L. R. Bone (1998). Planning for the sustainability of community-based health programs: Conceptual frameworks and future directions for research, practice and policy. *Health Education Research* 13:87-108.

Smith B (1998). Nonprofit Organizations in International Development: Agents of Empowerment or Preservers of Stability? In *Private Action and the Public Good*, WW Powell and ES Clemens (Eds.) (p.227). New Haven, CT: Yale University Press. Cited in AbouAssi, 2013:33.

Srivastava, A. & Thomson, S.B. (2009). Framework Analysis: A Qualitative Methodology for Applied Policy Research. *JOAAG*, Vol. 4. No. 2. Available from:
https://www.researchgate.net/publication/267678963_Framework_Analysis_A_Qualitative_Methodology_for_Applied_Policy_Research [accessed Aug 9, 2017].

Stake, R. (1995) *The Art of Case Study Research*, Thousand Oaks, CA: Sage.

Stake, R. (1995) *The Art of Case Study Research*, Thousand Oaks, CA: Sage. Referenced in Hartley, Jean (2004) "Case study research". In Cassell, C and Symon, G (Eds.), *Essential guide to qualitative methods in organizational research*. P.326. 1st ed. London: SAGE.

Steadman, H.J., J.J. Coccozza, D.L. Dennis, M.G. Lassiter, F.L. Randolph, H. Goldman, and M. Blasinsky (2002). Successful program maintenance when federal demonstration dollars stop: The access program for homeless mentally ill persons. *Administration and Policy in Mental Health* 29:481-93.

Stevens, B., and D. Peikes (2006). When the funding stops: Do grantees of the local initiative fund partners program sustain themselves? *Evaluation and Program Planning* 29:153-61.

TheLocal.dk. (2015a). "Danish NGOs slam aid cuts in budget proposal". [online] Available at: <https://www.thelocal.dk/20150929/danish-ngos-slam-development-cuts-in-new-budget> [Accessed 13 May 2017].

TheLocal.dk. (2015b). "UN Alarmed by Denmark Development Aid Cuts". Available at: <https://www.thelocal.dk/20151112/un-alarmed-by-denmarks-aid-cuts-to-pay-for-refugees>. [Accessed 17 July 2017].

Thompson JD (1967). *Organizations in Action: Social Science Bases of Administrative Theory*. NY: McGraw-Hill.

Trimmel, Johannes (2015) "Open Letter on The Cuts To The Danish Development Co-Operation Budget - CONCORD." European NGO Confederation for Relief and Development. Available at <https://concordeurope.org/2015/10/13/open-letter-on-the-cuts-to-the-danish-development-co-operation-budget/> [Accessed 17 July 2017].

Vakil, (1997). *Confronting the Classification Problem: Toward a Taxonomy of NGOs*. *World Development*, 25(12), p. 2060 in AbouAssi, 2013.

Walliman, N 2011, *Your Research Project: Designing and Planning your Work*. SAGE Publications Ltd, London.

Yin R (2003). *Case Study Research: Design and Methods*. Thousands Oak, CA: Sage Publications.

Yin, R. (1994) *Case Study Research: Design and Methods*, second edition, Thousand Oaks, CA: Sage. Referenced in Hartley, Jean (2004) "Case study research". In Cassell, C and Symon, G (Eds.), *Essential guide to qualitative methods in organizational research*. P.326. 1st ed. London: SAGE.

Appendix



LUND UNIVERSITY
Faculty of Social Sciences

Study on project and program sustainability after donor withdrawal

Dear participant,

Thank you for your participation in this study that I am conducting as a part of my Master's Degree in Development Studies with a Major in Political Science, in Lund University. My Master thesis focuses on researching how the 43% cut in the development aid allocated by the Finnish government for 2016-2020 affected the sustainability of Finnish-funded NGO projects and programs. My aim is to find out, by taking a look at Finnish NGO's exit strategies that were affected by the official development assistance (ODA); whether NGOs' development activities that had been affected by the cut can be/are still sustained. Furthermore, the objective is to understand how partnerships with other development organizations and diverse sources of funding helped to compensate for the ODA cut. This **questionnaire only focuses on the development projects and programs of the Finnish civil society that were affected by the cut** and not on other types of activities (such as humanitarian aid or bilateral aid etc.).

The research relies on a method of focused, structured comparison of three different NGOs that were affected by the cut, which is why the same questions are asked of each participant. It is understandable that certain information can be confidential. If you cannot disclose the information, please indicate it by writing "undisclosed" under the question. Please be assured that your utmost anonymity will be respected **unless you give your consent in question 1 to release any personal details about you (name, position in the organisation).**

General questions:

1. **Do you wish to remain anonymous in this interview? Yes or no?**
2. What is the name of your organization?
3. What is the role in your organization?
4. Please name the activities that were affected by the aid cut by the Finnish government?
5. What was their purpose?
6. Where was the activity located?
7. How long was it designed for?
8. How long was the government funding for the activity or activities allocated for?

Research questions:

9. How much time did you have for the exit? Was it enough?
10. How much was the budget cut in euros?
11. How much was the budget cut percentually?
12. How important is the government funding to you in terms of the continuity of your development activities?
13. What type of exit strategies did you use after the ODA cut (Option for multi-selection)
 - a. Phasing down (Gradual reduction of program activities with the use of fewer resources)
 - b. Phasing over (Turning the implementation of the activity over to another organization)
 - c. Phasing out (discontinuation of the activity)
 - d. Self-regulation (Securing the continuity of all of your activities through resource strategies that mitigated your dependency on the government funding)
14. How many projects and programs altogether were phased-out, phased-down or phased-over?
15. How many of the projects and programs were continued?

16. How many of your initially planned activities that were yet started got cancelled?
17. What was the main reason for the type of exit strategies that you used?
18. How did partnerships with other development organizations influence the continuity of your activities after the ODA cut?
19. How did diverse sources of funding influence the continuity of your activities after the ODA cut?
20. Were they enough to compensate for the ODA cut?
21. Has your organization come up with an exit strategy or sustainability plan in the case of donor exit?

Concluding remarks:

22. . Do you have other remarks/suggestions/concerns that you would like to bring forth about the research matter (project and program sustainability after the cut of official development assistance by the government of Finland)?

Other documents:

23. To obtain vital and additional background information on your activities design, implementation and continuation after the budget cut; if possible, could you please provide me with any available documents as attachment that you could share publically about the government funded activities that were affected by the budget cut, such as (end-line) evaluation reports, any available exit strategy/sustainability plan or additional related documents regarding your activities affected by the cut?

Thank you for your time!

ⁱ Interview with Fair Trade’s Executive Director via email, May 3, 2017

ⁱⁱ Interview with Finn Church Aid face-to-face 11 May 2017; representatives wished to remain anonymous

ⁱⁱⁱ Interview with Save the Children Grants Manager, conducted face-to-face May 8, 2017